

**ALZHEIMER'S DISEASE AND RELATED
DISORDERS ASSOCIATION OF
GREATER DALLAS**

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alzheimer's Disease and Related Disorders Association
of Greater Dallas
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying statement of financial position of Alzheimer's Disease and Related Disorders Association of Greater Dallas (the "Association") as of June 30, 2015 and the related statements of activities, cash flows, functional expenses and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease and Related Disorders Association of Greater Dallas as of June 30, 2015, 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.

Report on Summarized Comparative Information

The financial statements of the Association, as of and for the year ending June 30, 2014, were audited by other auditors whose report dated October 16, 2014 expressed an unmodified audit opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rylander, Clay & Opitz, LLP
September 8, 2015

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 180,493	\$ 77,815
Contributions receivable	10,000	155,984
Investments	1,112,620	1,230,448
Due from National organization	-	71,861
Prepaid expenses	50,707	35,206
Deposits and other assets	41,220	36,500
Property and equipment, net	23,357	22,848
Investments restricted to endowment	226,050	192,400
	Total assets	\$ 1,823,062
	\$ 1,644,447	\$ 1,823,062
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 21,024	\$ 19,856
Accrued expenses	42,321	20,499
Due to National organization	26,090	-
Deferred rent	10,958	38,990
	Total liabilities	79,345
	100,393	79,345
Commitments - Note 6		
Net Assets		
Unrestricted	1,240,377	1,213,309
Temporarily restricted	77,627	338,008
Permanently restricted	226,050	192,400
	Total net assets	1,743,717
	1,544,054	1,743,717
	\$ 1,644,447	\$ 1,823,062

See notes to financial statements.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

STATEMENTS OF ACTIVITIES

Year ended June 30, 2015 with Comparative Total for 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2015	2014
Revenue and other support:					
Contributions	\$ 512,913	\$ 20,462	\$ 33,650	\$ 567,025	\$ 874,062
Walk to End Alzheimer's contributions and sponsorships	1,644,385	-	-	1,644,385	1,153,873
Grants	57,789	-	-	57,789	80,599
In-kind donations	-	-	-	-	13,381
Fees for services	7,883	-	-	7,883	9,655
Net shared fundraising	(281,648)	-	-	(281,648)	(143,664)
Other revenue	4,758	-	-	4,758	2,325
Investment income	32,883	4,506	-	37,389	38,231
Net unrealized and realized gain (loss)	(5,584)	620	-	(4,964)	148,442
Net assets released from:					
Program restrictions	275,167	(275,167)	-	-	-
Time restrictions	10,802	(10,802)	-	-	-
Total revenue and support	2,259,348	(260,381)	33,650	2,032,617	2,176,904
Expenses:					
Program services					
Family education & services	768,262	-	-	768,262	817,668
Professional training and services	226,851	-	-	226,851	306,819
Public awareness	584,738	-	-	584,738	417,554
Public policy	50,314	-	-	50,314	55,328
Total program services	1,630,165	-	-	1,630,165	1,597,369
Support services					
Management and general	202,754	-	-	202,754	177,843
Fundraising	399,361	-	-	399,361	301,769
Total support services	602,115	-	-	602,115	479,612
Total expenses	2,232,280	-	-	2,232,280	2,076,981
Change in net assets	27,068	(260,381)	33,650	(199,663)	99,923
Net assets at beginning of year	1,213,309	338,008	192,400	1,743,717	1,643,794
Net assets at end of year	\$ 1,240,377	\$ 77,627	\$ 226,050	\$ 1,544,054	\$ 1,743,717

See notes to financial statements.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from (for) Operating Activities		
Revenue received	\$ 2,412,036	\$ 2,167,436
Shared fundraising paid	(183,698)	(255,449)
	2,228,338	1,911,987
Cash paid to or on behalf of employees	(1,252,155)	(1,238,974)
Suppliers and grants paid	(935,649)	(857,091)
	(2,187,804)	(2,096,065)
Net cash provided (used) by operating activities	40,534	(184,078)
Cash Flows from Investing Activities		
Purchase of investments	(1,001,305)	(163,483)
Sale of investments	1,080,519	129,949
Purchase of property and equipment	(17,070)	(2,097)
Net cash provided (used) by investing activities	62,144	(35,631)
Net increase (decrease) in cash and cash equivalents	102,678	(219,709)
Cash and cash equivalents at beginning of year	77,815	297,524
Cash and cash equivalents at end of year	\$ 180,493	\$ 77,815

See notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

STATEMENTS OF CASH FLOWS (Continued)
Years Ended June 30, 2015 and 2014

	2015	2014
Reconciliation of change in net assets to net cash provided (used) by operating activities		
Change in net assets	\$ (199,663)	\$ 99,923
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	13,264	12,337
Loss on disposal of assets	3,297	-
Net unrealized and realized (gain) loss on investments	4,964	(148,442)
(Increase) decrease in operating assets:		
Contributions receivable	145,984	24,016
Due from National organization	71,861	-
Prepaid expenses	(15,501)	1,580
Deposits and other assets	(4,720)	(21,963)
Increase (decrease) in operating liabilities:		
Accounts payable	1,168	(8,750)
Accrued expenses	21,822	8,298
Due to National organization	26,090	(111,784)
Deferred rent	(28,032)	(39,293)
	\$ 40,534	\$ (184,078)

See notes to financial statements.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2015 with Comparative Total for 2014

	Program Services					Supporting Services			Total	
	Family Education & Services	Professional Training and Services	Public Awareness	Public Policy	Total	Management and General	Fundraising	Total	2015	2014
Salaries	\$ 408,411	\$ 138,762	\$ 217,856	\$34,554	\$ 799,583	\$ 91,091	\$ 148,294	\$239,385	\$1,038,968	\$1,022,819
Personnel costs	94,660	25,396	39,919	5,245	165,220	18,887	34,621	53,508	218,728	223,997
Professional fees & services	31,067	3,013	46,088	569	80,737	31,054	3,135	34,189	114,926	133,461
Supplies, telecommunications, and postage	58,360	1,722	15,263	680	76,025	5,705	17,141	22,846	98,871	77,742
Occupancy and insurance	88,524	27,978	42,785	5,773	165,060	17,981	31,443	49,424	214,484	213,802
Printing, promotion, and publications	14,995	764	216,010	6	231,775	390	35,315	35,705	267,480	112,737
Conferences, conventions and events	43,567	8,260	1,879	2,699	56,405	7,293	90,292	97,585	153,990	180,760
Assessments and grants	21,072	20,000	-	325	41,397	-	-	-	41,397	43,666
Other expenses	1,079	260	1,658	146	3,143	29,271	37,760	67,031	70,174	55,660
Depreciation	6,527	696	3,280	317	10,820	1,082	1,360	2,442	13,262	12,337
Total - 2015	<u>\$ 768,262</u>	<u>\$ 226,851</u>	<u>\$ 584,738</u>	<u>\$50,314</u>	<u>\$1,630,165</u>	<u>\$ 202,754</u>	<u>\$ 399,361</u>	<u>\$602,115</u>	<u>\$2,232,280</u>	
Total - 2014	<u>\$ 817,668</u>	<u>\$ 306,819</u>	<u>\$ 417,554</u>	<u>\$55,328</u>	<u>\$1,597,369</u>	<u>\$ 177,843</u>	<u>\$ 301,769</u>	<u>\$479,612</u>		<u>\$2,076,981</u>

See notes to financial statements.



ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION OF GREATER DALLAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Association is a not-for-profit, tax exempt organization incorporated in the State of Texas. The Association is a chapter of the National Alzheimer's Disease and Related Disorders Association, Inc. ("National"). The Association is dedicated to supporting the mission of the National organization which is to eliminate Alzheimer's disease through the advancement of research; provide and enhance care and support for all affected; and to reduce the risk of dementia through the promotion of brain health. This mission is carried out through research, education, public awareness, advocacy, programs and services.

The Association provides guidance and support for patients and their families; educates and informs the general public, interested agencies and groups; advocates for the medical, social, psychological and financial needs of the patients and their families; and encourages and supports research of Alzheimer's disease and related disorders.

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

The Association serves the North East Texas counties of Dallas, Collin, Denton, Ellis, Rockwall, Hunt, Fannin, Grayson, Cooke, Kaufman, Navarro, Anderson, Gregg, Franklin, Henderson, Delta, Hopkins, Cherokee, Cass, Camp Bowie, Panola, Van Zandt, Upshur, Titus, Smith, Rusk, Harrison, Raines, Wood, Morris, Marion, Lamar and Red River.

Basis of Presentation

The accompanying financial statements of the Association have been presented on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) and include the accounts maintained by and for the benefit of the Association.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash Equivalents

The Association considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable represent pledges made by donors to be paid in future years. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts. No allowance for doubtful receivables is considered necessary at June 30, 2015 and 2014. The receivables are expected to be paid in the following year.



ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION OF GREATER DALLAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses on investments are recorded in the statements of activities.

Property and Equipment

Property and equipment exceeding \$1,000 are capitalized at cost and depreciated using the straight-line method over three to seven years. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Deferred Rent

The Association has entered into an operating lease agreement containing provisions for free rent. In accordance with U.S. GAAP, the Association records monthly rent expense equal to the total of the payments due over the lease term divided by the number of months of the lease. The difference between rent expense recorded and the amount paid is reflected as deferred rent.

Revenue Recognition

The Association's primary source of revenue is contributions from donors who are interested in furthering the mission of the Association, and who primarily reside in the North Central Texas area. Contributions are recognized when received, or in the event of an unconditional pledge, recognized when the commitment has been made to the Association.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

NOTES TO FINANCIAL STATEMENTS

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Donated Services

The Association receives donated services for its various programs from volunteers. No amounts have been reflected in the accompanying financial statements for donated services because the criteria for recognition under generally accepted accounting principles has not been satisfied.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising

Advertising and promotion costs are charged to expense as incurred. Such expenses are \$12,425 and \$19,778 in 2015 and 2014, respectively.

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Code.

The Association's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2012, 2013, and 2014 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Reclassifications

Certain amounts in 2014 have been reclassified to conform to 2015 presentation.

Subsequent Events

Management evaluated subsequent events through September 8, 2015, which is the date the financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2015	2014
Furniture	\$ 5,390	\$ 55,173
Equipment and computers	33,138	65,853
Software	1,414	3,786
Leasehold improvements	17,070	16,010
Less accumulated depreciation	(33,655)	(117,974)
	<u>\$ 23,357</u>	<u>\$ 22,848</u>



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

NOTES TO FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standards also establish a fair value hierarchy, which require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include publicly traded stocks, government and corporate bonds, mutual funds, certificates of deposit, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 2 investments include managed trust funds that hold securities that are traded in an active market. The fair value of these investments has been estimated using the net asset value per share of the investment as provide by the fund managers.

Level 3 investments consist of managed trust funds that include assets for which there is no readily determined fair value as the valuation is based upon significant unobservable inputs. The fair value of these investments has been estimated using the net asset value per share of the investment as provide by the fund managers.

The following table sets forth by level within the fair value hierarchy the Association's investments at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Money market	\$ 46,700	\$ -	\$ -	\$ 46,700
Common Trust Fund – Equity	-	670,374	-	670,374
Common Trust Fund – Fixed Income	-	337,766	-	337,766
Common Trust Fund – Specialty	-	180,039	103,791	283,830
Total investments	<u>\$ 46,700</u>	<u>\$ 1,188,179</u>	<u>\$ 103,791</u>	<u>\$ 1,338,670</u>



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

NOTES TO FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

The activity in Level 3 investments during the year ended June 30, 2015 follows:

Reclassification from Level 2	\$ 38,538
Realized and unrealized losses	(3,347)
Purchase of investments	76,433
Sale of investments	(7,833)
Ending balance	<u>\$ 103,791</u>

The following table sets forth by level within the fair value hierarchy the Association's investments at fair value as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 152,996	\$ -	\$ -	\$ 152,996
Common Trust Fund – Equity	-	680,604	-	680,604
Common Trust Fund – Fixed Income	-	374,504	-	374,504
Common Trust Fund – Specialty	-	214,744	-	214,744
Total investments	<u>\$ 152,996</u>	<u>\$ 1,269,852</u>	<u>\$ -</u>	<u>\$ 1,422,848</u>

Reconciliation of investments:	<u>2015</u>	<u>2014</u>
Investments	\$ 1,112,620	\$ 1,230,448
Investments restricted for endowment (see Note 5)	226,050	192,400
Total long-term investments	<u>\$ 1,338,670</u>	<u>\$ 1,422,848</u>

Other Financial Instruments

The carrying amount of cash and cash equivalents, contributions receivable, and accounts payable approximates fair value due to their short-term nature.

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014, relate to funds contributed to the Association and restricted by the donors as follows:

	<u>2015</u>	<u>2014</u>
Program service expenses	\$ 32,122	\$ 275,690
Unappropriated endowment earnings	45,505	62,318
	<u>\$ 77,627</u>	<u>\$ 338,008</u>



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS – ENDOWMENT

The Association's permanently restricted net assets consist of an endowment for scholarship, held in equity securities. The endowment was established in the fiscal year ended June 30, 1998, to provide a restricted use fund to recognize and support professional education and/or college students committed to professional research, treatment, and/or care of those suffering from Alzheimer's disease or related dementias and their families. Annual scholarships or grants from the fund shall not exceed 5% of the total assets and accumulated income in any year. The endowment includes donor-restricted endowment funds. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Texas as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Association
7. The investment policies of the Association

Composition and Activity of Endowment Funds

Endowment net asset composition by type of funds for the years ended June 30, 2015 and 2014 follow:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted	\$ -	\$ 45,505	\$ 226,050	\$ 271,555



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS - ENDOWMENT (Continued)

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted	\$ -	\$ 62,318	\$ 192,400	\$ 254,718

The changes in the net assets for the years ended June 30, 2015 and 2014, follow:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance at beginning of year	\$ -	\$ 62,318	\$ 192,400	\$ 254,718
Contributions	-	-	33,650	33,650
Interest earned	-	4,506	-	4,506
Realized gains	-	6,151	-	6,151
Unrealized loss	-	(5,531)	-	(5,531)
Fees	-	(1,939)	-	(1,939)
Scholarships granted	-	(20,000)	-	(20,000)
Balance at end of year	\$ -	\$ 45,505	\$ 226,050	\$ 271,555

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance at beginning of year	\$ -	\$ -	\$ 248,312	\$ 248,312
Reclassification of activity	-	55,912	(55,912)	-
Interest earned	-	6,406	-	6,406
Balance at end of year	\$ -	\$ 62,318	\$ 192,400	\$ 254,718

Reclassification of Prior Period Activity

Accumulated earnings in the amount of \$55,912 were reclassified as temporarily restricted net assets to reflect only donor contributions as permanently restricted net assets. Total net assets are not affected by this reclassification.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to protect the related assets and provide a reasonable return until authorized use. The Association's investment philosophy is to invest in secure vehicles, obtain adequate return on investment and invest in vehicles which are compatible with purposes of the Association.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Association relies primarily on a strategy of asset diversification through professional investment managers. On longer-term investments, the funds are usually placed with the Association's funds in an investment pool unless the donor instrument defines another custodian.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
OF GREATER DALLAS**

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LEASE COMMITMENTS

The Association leases facilities under noncancellable operating lease agreements. In March 2015, the Association entered into a lease at its present location. The monthly rent payment under the lease is \$10,962. In addition, the Association has several equipment leases with various expiration dates through fiscal year 2017.

Total rent expense for the years ended June 30, 2015 and 2014 is approximately \$150,000 and \$152,000, respectively.

The Association has entered into an operating lease agreement for the lease of office space which has a remaining term in excess of one year. At June 30, 2015, the minimum lease commitments follow:

2016	\$ 138,900
2017	133,600
2018	131,500
2019	131,500
2020	131,500
Thereafter	43,800
	<u>\$ 710,800</u>

NOTE 7. LINE OF CREDIT

At June 30, 2015, the Association has a \$200,000 revolving line of credit with a financial institution that bears interest at 1.25% over the prime rate and matures April 17, 2016. At June 30, 2015, there is no balance drawn on the line of credit, and there is no interest expense for the year.

NOTE 8. AFFILIATE PARTY TRANSACTIONS

The Association is affiliated with the 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 National organization policies, including Shared Fundraising (SFR), which unifies and coordinates fundraising efforts within the Association's territory.

SFR 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 years ended June 30, 2015 and 2014, revenue was shared as follows: 60% to the Chapter, 30% to the National organization, and 10% to the Mission Fund. As of June 30, 2015, the amount due from the National organization totaled \$119,896 and the amount due to the National organization, including \$75 of research funds, totaled \$145,986. The net amount due to the National organization of \$26,090 is reflected as a liability on the statement of financial position. As of June 30, 2014, the amount due from the National organization totaled \$150,101 and the amount due to the National organization, including \$100 of research funds, totaled \$78,240. The net amount due from the National organization of \$71,861 is reflected as a receivable on the statement of financial position.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION
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NOTES TO FINANCIAL STATEMENTS

NOTE 8. AFFILIATE PARTY TRANSACTIONS (Continued)

Under SFR, shared contributions provided to the National organization are \$832,261 and shared contributions provided from the National organization are \$550,613 during the year ended June 30, 2015. During the year ended June 30, 2014, shared contributions provided to the National organization are \$665,230 and shared contributions provided from the National organization are \$521,566.

In addition, during the year ended June 30, 2015 and 2014, the Association paid National \$26,052 and \$23,791, respectively, for services relating to a help line, accounting support, software maintenance, liability insurance, credit card processing fees and other miscellaneous expenses.

NOTE 9. RETIREMENT PLAN

The Association offers a 403(b) retirement plan to employees after they have met certain eligibility requirements. The Association makes matching contributions up to 4% of eligible employees' contributions to the plan, as well as discretionary contributions. Participants are fully vested after three years.

For the years ended June 30, 2015 and 2014, the Association contributed \$10,529 and \$6,447, respectively.

