

alzheimer's association®

Alzheimer's Disease and Related
Disorders Association,
St. Louis Chapter, Inc.

D/B/A
Alzheimer's Association,
St. Louis Chapter

Financial Statements With
Independent Auditor's Report
June 30, 2015

The Alzheimer's Association is the leading voluntary health organization
in Alzheimer care, support and research.

Our mission is to eliminate Alzheimer's disease through the advancement of research;
to provide and enhance care and support for all affected; and to reduce the risk of
dementia through the promotion of brain health.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Alzheimer's Disease and Related Disorders Association, St. Louis Chapter, Inc. (the "Association"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, 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 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 involves performing procedures to obtain audit evidence about 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 Association'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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, St. Louis Chapter, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown Smith Wallace, LLC

St. Louis, Missouri

October 5, 2015

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

Statements of Financial Position

June 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,019,747	\$ 547,083
Accounts and sponsorship receivables	75,243	83,847
Unconditional promises to give, net (Note 3)	292,787	294,308
Prepaid expenses	37,208	32,725
Total Current Assets	1,424,985	957,963
Long-term Assets		
Unconditional promises to give, net (Note 3)	168,651	149,743
Investments (Note 4)	649,347	646,839
Property and equipment, net (Notes 5 and 11)	90,319	120,931
Assets restricted for permanent investment - beneficial interest in perpetual trusts (Note 6)	2,564,498	2,631,864
TOTAL ASSETS	\$ 4,897,800	\$ 4,507,340
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 39,282	\$ 31,386
Accrued payroll and related items	64,672	61,864
Capital lease obligation (Note 11)	53,160	53,160
Accrued liabilities related to Shared Fundraising Policy and research restricted contributions (Note 8)	369,132	156,797
Total Current Liabilities	526,246	303,207
Long-term Liabilities		
Capital lease obligation (Note 11)	45,962	94,978
Accrued liabilities related to Shared Fundraising Policy and research restricted contributions (Note 8)	1,360,962	1,393,458
TOTAL LIABILITIES	1,933,170	1,791,643
Net Assets		
Unrestricted	1,225,695	908,688
Temporarily restricted (Note 7)	422,795	455,999
Permanently restricted (Note 7)	1,316,140	1,351,010
Total Net Assets	2,964,630	2,715,697
TOTAL LIABILITIES AND NET ASSETS	\$ 4,897,800	\$ 4,507,340

The accompanying notes are an integral part of these financial statements.

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

Statement of Activities

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support				
Individual support	\$ 710,507	\$ 133,352	\$ -	\$ 843,859
Research donations	-	434,972	-	434,972
Bequests and other planned giving	109,979	45,216	-	155,195
Corporate, foundation and United Way	152,359	367,099	-	519,458
Walk to End Alzheimer's revenue	1,507,825	-	-	1,507,825
Special events, net direct expenses of \$32,625	272,185	-	-	272,185
Public Support	2,752,855	980,639	-	3,733,494
Net Amounts related to:				
Shared Fundraising Policy (Note 8)	(609,999)	(14,467)	-	(624,466)
Research transferred to National Organization	-	(462,258)	32,496	(429,762)
Total Net Public Support	2,142,856	503,914	32,496	2,679,266
Revenues				
Grants	202,563	-	-	202,563
Education workshop/seminars	68,680	-	-	68,680
Investment income (Note 4)	69,769	27,286	-	97,055
Change in value of trusts	-	1,858	-	1,858
Change in value of beneficial interest in perpetual trust (Note 6)	-	-	(67,366)	(67,366)
Other income	1,827	-	-	1,827
Total Revenues	342,839	29,144	(67,366)	304,617
Total Public Support and Revenues	2,485,695	533,058	(34,870)	2,983,883
Net Assets Released From Restrictions (Note 7)	566,262	(566,262)	-	-
Total Support And Revenues	3,051,957	(33,204)	(34,870)	2,983,883
Expenses				
Program Services:				
Education and outreach	1,180,438	-	-	1,180,438
Family services	766,733	-	-	766,733
Public policy	132,010	-	-	132,010
Total Program Services	2,079,181	-	-	2,079,181
Supporting Activities:				
Management and general	183,572	-	-	183,572
Fundraising	472,197	-	-	472,197
Total Supporting Activities	655,769	-	-	655,769
Total Expenses	2,734,950	-	-	2,734,950
Change In Net Assets	317,007	(33,204)	(34,870)	248,933
Net Assets at Beginning of Year	908,688	455,999	1,351,010	2,715,697
Net Assets at End of Year	\$ 1,225,695	\$ 422,795	\$ 1,316,140	\$ 2,964,630

The accompanying notes are an integral part of these financial statements.

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

Statement of Activities

Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support				
Individual support	\$ 542,845	\$ 102,188	\$ -	\$ 645,033
Research donations	-	59,198	-	59,198
Bequests and other planned giving	438,600	-	-	438,600
Corporate, foundation and United Way	106,159	325,516	-	431,675
Walk to End Alzheimer's revenue	1,048,329	-	-	1,048,329
Special events, net direct expenses of \$34,625	234,778	-	-	234,778
Public Support	2,370,711	486,902	-	2,857,613
Net Amounts related to:				
Shared Fundraising Policy (Note 8)	(550,857)	(7,204)	-	(558,061)
Research transferred to National Organization	-	(66,331)	(48,668)	(114,999)
Total Net Public Support	1,819,854	413,367	(48,668)	2,184,553
Revenues				
Grants	267,489	-	-	267,489
Education workshop/seminars	67,199	-	-	67,199
Investment income (Note 4)	113,060	7,133	-	120,193
Change in value of trusts	-	2,610	-	2,610
Change in value of beneficial interest in perpetual trust (Note 6)	-	-	145,931	145,931
Other income	389	-	-	389
Total Revenues	448,137	9,743	145,931	603,811
Total Public Support and Revenues	2,267,991	423,110	97,263	2,788,364
Net Assets Released From Restrictions (Note 7)	782,778	(782,778)	-	-
Total Support And Revenues	3,050,769	(359,668)	97,263	2,788,364
Expenses				
Program Services:				
Education and outreach	1,283,370	-	-	1,283,370
Family services	686,574	-	-	686,574
Public policy	118,124	-	-	118,124
Total Program Services	2,088,068	-	-	2,088,068
Supporting Activities:				
Management and general	209,761	-	-	209,761
Fundraising	389,424	-	-	389,424
Total Supporting Activities	599,185	-	-	599,185
Total Expenses	2,687,253	-	-	2,687,253
Change In Net Assets	363,516	(359,668)	97,263	101,111
Net Assets at Beginning of Year	545,172	815,667	1,253,747	2,614,586
Net Assets at End of Year	\$ 908,688	\$ 455,999	\$ 1,351,010	\$ 2,715,697

The accompanying notes are an integral part of these financial statements.

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

Statement of Functional Expenses

Year ended June 30, 2015

	Program Services				Supporting Activities			Total
	Education and Outreach	Family Services	Public Policy	Total	Management and General	Fundraising	Total	
Salaries	\$ 674,538	\$ 348,801	\$ 86,422	\$ 1,109,761	\$ 46,103	\$ 214,285	\$ 260,388	\$ 1,370,149
Employee benefits	61,413	32,722	8,022	102,157	4,315	21,148	25,463	127,620
Payroll taxes	54,913	29,259	7,173	91,345	3,858	18,910	22,768	114,113
Total salaries and related expenses	790,864	410,782	101,617	1,303,263	54,276	254,343	308,619	1,611,882
Family respite and other mini grants	-	141,275	-	141,275	-	-	-	141,275
Professional fees and outside services	58,461	18,139	2,481	79,081	80,871	10,727	91,598	170,679
Supplies	14,611	4,852	786	20,249	910	5,545	6,455	26,704
Telecommunications	19,645	14,423	1,984	36,052	1,422	8,563	9,985	46,037
Postage and shipping	16,144	7,200	202	23,546	126	24,952	25,078	48,624
Occupancy	71,251	54,272	6,069	131,592	4,512	21,605	26,117	157,709
Equipment rental and maintenance	17,424	9,553	1,037	28,014	771	5,956	6,727	34,741
Printing and publication	23,093	19,836	509	43,438	640	31,585	32,225	75,663
Advertising	23,446	60,091	-	83,537	-	13,028	13,028	96,565
Travel	26,804	2,846	12,727	42,377	4,825	12,593	17,418	59,795
Miscellaneous	8,016	411	17	8,444	32,497	8,944	41,441	49,885
Programs, events and volunteers	88,837	6,415	2,721	97,973	1,339	67,883	69,222	167,195
Depreciation and amortization	21,842	16,638	1,860	40,340	1,383	6,473	7,856	48,196
TOTAL FUNCTIONAL EXPENSES	\$ 1,180,438	\$ 766,733	\$ 132,010	\$ 2,079,181	\$ 183,572	\$ 472,197	\$ 655,769	\$ 2,734,950

The accompanying notes are an integral part of these financial statements.

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

Statement of Functional Expenses

Year ended June 30, 2014

	Program Services				Supporting Activities			Total
	Education and Outreach	Family Services	Public Policy	Total	Management and General	Fundraising	Total	
Salaries	\$ 803,449	\$ 356,863	\$ 65,293	\$ 1,225,605	\$ 61,659	\$ 169,667	\$ 231,326	\$ 1,456,931
Employee benefits	64,125	28,482	5,211	97,818	4,923	13,541	18,464	116,282
Payroll taxes	65,268	28,990	5,304	99,562	5,009	13,783	18,792	118,354
Total salaries and related expenses	932,842	414,335	75,808	1,422,985	71,591	196,991	268,582	1,691,567
Family respite and other mini grants	-	118,651	-	118,651	-	-	-	118,651
Professional fees and outside services	34,104	34,352	2,312	70,768	92,146	9,122	101,268	172,036
Supplies	20,452	4,497	654	25,603	851	3,689	4,540	30,143
Telecommunications	27,768	18,116	2,101	47,985	2,309	7,544	9,853	57,838
Postage and shipping	9,592	8,163	229	17,984	238	18,882	19,120	37,104
Occupancy	73,802	52,883	5,273	131,958	6,285	17,296	23,581	155,539
Equipment rental and maintenance	16,007	7,744	772	24,523	920	3,146	4,066	28,589
Printing and publication	12,977	13,044	213	26,234	460	25,322	25,782	52,016
Advertising	20,389	-	-	20,389	-	33,465	33,465	53,854
Travel	30,280	2,764	8,638	41,682	2,074	5,967	8,041	49,723
Miscellaneous	2,258	1,125	11	3,394	29,936	6,090	36,026	39,420
Programs, events and volunteers	79,205	5,941	2,827	87,973	747	56,951	57,698	145,671
Depreciation and amortization	23,694	4,959	19,286	47,939	2,204	4,959	7,163	55,102
TOTAL FUNCTIONAL EXPENSES	\$ 1,283,370	\$ 686,574	\$ 118,124	\$ 2,088,068	\$ 209,761	\$ 389,424	\$ 599,185	\$ 2,687,253

The accompanying notes are an integral part of these financial statements.

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

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Individual support	\$ 843,859	\$ 645,033
Research donations	434,972	59,198
Bequests and other planned giving	150,706	431,889
Corporate, foundation and United Way	501,505	579,659
Walk to End Alzheimer's revenue	1,491,041	1,053,676
Special events, net of related expenses	275,348	210,309
Grants	232,637	274,915
Other revenue	119,530	136,429
Net Cash paid to National for Shared Fundraising Policy and research restricted contributions	(818,842)	(693,575)
	3,230,756	2,697,533
Cash Paid to/for:		
Employees	1,614,690	1,691,622
Vendors	932,954	806,101
Respite care	141,275	118,651
	2,688,919	2,616,374
Net Cash Provided by Operating Activities	541,837	81,159
Cash Flows from Investing Activities:		
Net transfers of investments and proceeds from sales	5,084	31,810
Purchases of investments	(3,425)	(7,444)
Purchases of equipment	(17,672)	(10,535)
Net Cash Provided by (Used In) Investing Activities	(16,013)	13,831
Cash Flows from Financing Activities:		
Capital lease payments	(53,160)	(53,160)
Net Cash Used in Investing Activities	(53,160)	(53,160)
Increase (decrease) In Cash and Cash Equivalents	472,664	41,830
Cash and Cash Equivalents - Beginning of Year	547,083	505,253
Cash and Cash Equivalents - End of Year	\$ 1,019,747	\$ 547,083
Cash Flows From Operating Activities:		
Change in net assets	\$ 248,933	\$ 101,111
Adjustments to reconcile net increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	48,196	55,102
(Gain) loss on disposal of fixed assets	88	45
Unrealized (gains) losses on investments	(4,167)	(53,950)
Contributions restricted for research	32,496	(48,668)
Change in value of beneficial interest in perpetual trust	34,870	(97,263)
Imputed interest on capital lease obligations	4,144	5,824
Changes in assets and liabilities:		
(Increase) decrease in accounts and sponsorship receivables	8,604	2,838
(Increase) decrease in unconditional promises to give	(17,387)	147,944
(Increase) decrease in prepaid expenses	(4,483)	1,106
Increase (decrease) in accounts payable and accrued expenses	7,896	(11,069)
Increase (decrease) in accrued payroll and related items	2,808	55
Increase (decrease) in accrued liabilities related to Shared Fundraising Policy and research restricted contributions	179,839	(21,916)
Net Cash Provided by Operating Activities	\$ 541,837	\$ 81,159

The accompanying notes are an integral part of these financial statements.

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

Notes to Financial Statements

June 30, 2015

Note 1 - Organization

The Alzheimer's Disease and Related Disorders Association, St. Louis Chapter, Inc. (the "Association") is a not-for-profit organization serving the St. Louis metropolitan area, eastern Missouri and western Illinois. The Association 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 Association's primary sources of revenue and support are contributions from the public, corporations and foundations.

Description of Program Services and Supporting Activities

The Association provides program services and supporting activities that are included in the accompanying financial statements:

Program Services

- Family services: The Association serves as a source of support, information and guidance for individuals living with the disease and their families through 24/7 Helpline, care consultations, support groups, specialized programs for people with early memory loss, safety services, respite assistance, and online resources.
- Education and outreach: The Association provides family, community, and professional education programs throughout the 38 county service areas to promote better understanding of the disease and improve quality care.
- Public policy: The Association supports grassroots advocacy efforts that target decision makers in Missouri, Illinois, and Washington DC to advance research funding and increase access to quality care and services.

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 Association's program strategy, secure proper administrative functioning of the Board, and manage the financial and budgetary responsibilities of the Association.
- 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.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations. Accordingly, the Association reports 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.

Basis of Accounting

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

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Risk

The Association 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 cash may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Accounts and Sponsorship Receivables 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.

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.

Management closely monitors outstanding balances and writes off, as of year-end, balances when they are deemed uncollectible.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are carried at fair value, except for certificates of deposit which are carried at cost plus accrued interest. The fair values of money market funds and equity mutual funds are based on quoted market prices on national exchanges.

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.

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Property and Equipment

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

Additions and betterments of \$500 or more are capitalized, while repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Contributions and Support

The Association 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements 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 overall support and direction of the Association.

Advertising Costs

The Association expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$96,565 and \$53,854 in 2015 and 2014, respectively.

Donated Services

A substantial number of volunteers have given significant amounts of their time to the Association's programs and management. These services are not recorded in the financial statements since they do not meet the criteria for recognition under the accounting standards.

Tax Status

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

The Association has addressed provisions of FASB ASC 740, *Accounting for Income Taxes*. In that regard, the Association has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 3 - Promises to Give

Unconditional promises to give consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
United Way	\$ 111,560	\$ 113,607
Grant awards	-	3,750
Individuals and foundations	152,959	136,914
Planned giving	<u>230,548</u>	<u>233,353</u>
	495,067	487,624
Less: Discount on long-term promises to give and allowance for doubtful accounts	<u>33,629</u>	<u>43,573</u>
	<u>\$ 461,438</u>	<u>\$ 444,051</u>

Promises to give are collectible as follows:

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Less than one year	\$ 292,787	\$ 294,308
One to five years	63,000	45,950
More than five years	<u>105,651</u>	<u>103,793</u>
	<u>\$ 461,438</u>	<u>\$ 444,051</u>

Long-term promises to give include a promise to give related to a charitable remainder trust (Note 6).

Long-term promises to give are reflected at the present value of estimated future cash flows using a discount rate of 2.56% and 2.49% for the years ended June 30, 2015 and 2014, respectively.

United Way of Greater St. Louis, Inc.

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

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

Notes to Financial Statements - Continued

June 30, 2015

Note 4 - Investments

Investments consist of the following at June 30:

	2015		2014	
	Cost	Market Value	Cost	Market Value
Money market funds	\$ 524,709	\$ 524,709	\$ 213,078	\$ 213,078
Certificate of deposit	124,638	124,638	121,896	121,896
Foreign large blend equity fund	-	-	40,572	57,061
Large blend equity fund	-	-	158,328	254,804
	<u>\$ 649,347</u>	<u>\$ 649,347</u>	<u>\$ 533,874</u>	<u>\$ 646,839</u>

As described in Note 12, investments are carried at fair value in accordance with accounting standards, except for certificates of deposit which are carried at cost plus accrued interest.

Investment income consists of the following at June 30:

	2015	2014
Interest income	\$ 137,904	\$ 10,459
Unrealized gains (losses)	<u>(113,657)</u>	<u>53,950</u>
	24,247	64,409
Income from Beneficial Interests in Trusts	<u>72,808</u>	<u>55,784</u>
	<u>\$ 97,055</u>	<u>\$ 120,193</u>

Note 5 - Property and Equipment

Property and equipment consist of the following:

	2015	2014
Leasehold improvements	\$ 14,387	\$ 14,387
Computer equipment and software	318,480	306,283
Furniture and fixtures	<u>30,906</u>	<u>29,356</u>
	363,773	350,026
Less: accumulated depreciation and amortization	<u>273,454</u>	<u>229,095</u>
	<u>\$ 90,319</u>	<u>\$ 120,931</u>

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

Notes to Financial Statements - Continued

June 30, 2015

Note 5 - Property and Equipment (Continued)

Depreciation and amortization expense amounted to \$48,196 and \$55,102 for the years ended June 30, 2015 and 2014, respectively.

Note 6 - Beneficial Interest in Trusts

Perpetual Trusts

The Association has beneficial interests in perpetual trusts. The trust assets are not in the possession or control of the Association, but are held and administered by independent financial institution trustees. The Association, along with other not-for-profit organizations, is a beneficiary of the trusts. The present value was estimated to be equivalent to the Association's share of the current fair market value of the trusts which amounts to \$2,564,498 and \$2,631,864 at June 30, 2015 and 2014, respectively. The value of the beneficial interest in trusts decreased \$67,366 for the year ended June 30, 2015 and increased \$145,931 for the year ended June 30, 2014.

The perpetual trust for which the Association received notification in 2012 is restricted for research activities. The Association must utilize the current net income for the purpose of promoting medical research for Alzheimer's disease. The Association follows policies established by the chapters and National Alzheimer's Disease and Related Disorders Association, Inc. (National Organization). Because the Association does not conduct research activities, the contributions are remitted to the National Organization in order to fulfill the donor's intent. As such, the entire present value of this trust interest is included in accrued liabilities related to Shared Fundraising Policy and research restricted contributions in the statements of financial position.

Charitable Remainder Trust

During 2011, the Association was named as a beneficiary of a charitable remainder trust. Upon the death of the last surviving annuitant of the trust, the Association will receive a specified percentage of the remaining trust balance. The Association has recorded the promise to give at the present value of the future cash flows from the trust. At June 30, 2015 and 2014, this promise to give was valued at \$67,610 and \$67,810, respectively.

The Association does not have access to any existing markets in which its beneficial interest in these trusts could be bought or sold. Although its measurement method is based on the fair market value of the assets held by the trusts, management has classified its interest in these trusts as Level 3 (subject to unobservable inputs) for purposes of disclosure requirements under fair value accounting standards discussed in Note 12.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 7 - Net Assets

Temporarily restricted net assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Time restrictions:		
Other pledges and commitments	\$ 28,941	\$ 79,980
Bequests and annuities	86,215	110,963
Purpose restrictions:		
United Way	111,560	113,607
Outreach	4,000	13,750
Education	23,828	29,782
Family service	110,896	107,917
Other	<u>57,355</u>	<u>-</u>
	<u>\$ 422,795</u>	<u>\$ 455,999</u>

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

	<u>2015</u>	<u>2014</u>
Time restrictions:		
Other pledges and commitments	\$ 71,552	\$ 189,226
Bequests and annuities	25,312	83,489
Special events	-	1,500
Purpose restrictions:		
United Way	217,146	214,668
Outreach	13,750	43,750
Building (Naming rights)	-	76,778
Education	46,303	71,078
Family service	142,066	86,973
Other	<u>50,133</u>	<u>15,316</u>
	<u>\$ 566,262</u>	<u>\$ 782,778</u>

Permanently restricted net assets consist of funds restricted by donors to be held in perpetuity by the Association. The income from permanently restricted endowment funds, which amounted to \$2,743 and \$7,133 in 2015 and 2014, respectively, is restricted for research activities and forwarded to the National Organization. Permanently restricted net assets totaled \$1,316,140 and \$1,351,010 for the years ended June 30, 2015 and 2014, respectively.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 8 - Affiliated Transactions

Shared Fundraising Policy

The Association is affiliated with the National Organization. A formal Statement of Relationship agreement outlines the rights and responsibilities of the National Organization and the Association. These responsibilities include that the Association comply with policies established by the confederation of chapters and the National Organization.

The policies include Shared Fundraising, which unifies and coordinates fundraising efforts within the Association's territory. In lieu of dues, 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 unrestricted revenue was shared 60% to the Association, 30% to the National Organization and 10% to the Mission Fund.

Net unrestricted amounts related to the Shared Fundraising Policy are as follows:

	<u>2015</u>	<u>2014</u>
National's share of the Association's unrestricted revenues	\$ (812,353)	\$ (713,869)
Mission Fund's share of Association revenue	(270,784)	(237,956)
Association's share of National's revenues	<u>473,138</u>	<u>400,968</u>
	<u>\$ (609,999)</u>	<u>\$ (550,857)</u>

At June 30, 2015 and 2014, the Association owed the National Organization \$369,132 and \$156,797, respectively, related to the Shared Fundraising Policy, and held \$1,360,962 and \$1,393,458, respectively, of research restricted assets in trust. These balances are included in liabilities related to Shared Fundraising Policy and research restricted contributions in the statements of financial position.

Research Restricted Contributions and Support

Donors to the Association sometimes designate all or part of their contributions to research activities. The Association follows policies established by the chapters and the National Organization regarding such gifts. As described in Note 6, these contributions are remitted to the National Organization in order to fulfill the donor's intent. Designated research funds of \$429,762 and \$114,999 were due to the National Organization in 2015 and 2014, respectively. Designated research funds include \$1,360,962 and \$1,393,458 at June 30, 2015 and 2014, respectively, related to a beneficial interest in a perpetual trust restricted for research as described in Note 6.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 9 - Retirement Plan

The Association has a 403(b) tax-deferred annuity retirement plan. All employees are eligible to participate in this Plan and the Association matches employees' contributions into the Plan at a percentage set annually. In 2015 and 2014, the match percentage was 2%. Vesting in this Plan is immediate.

The Association's contributions to employees amounted to \$15,379 and \$8,221 for the years ended June 30, 2015 and 2014, respectively. The Association suspended matching employees' contributions for the first half of the year ending June 30, 2014. The match was reinstated in the second half of the year ended June 30, 2014.

Note 10 - Joint Costs

For the years ended June 30, 2015 and 2014, the Association incurred expenses related to the Walk to End Alzheimer's (the Walk) that included fundraising appeals, as well as program components. The joint costs related to the Walk were allocated as follows:

	<u>2015</u>	<u>2014</u>
Educational and outreach	\$ 139,452	\$ 94,305
Fundraising	<u>92,968</u>	<u>62,870</u>
	<u>\$ 232,420</u>	<u>\$ 157,175</u>

Note 11 - Lease Commitments

Operating Leases

The Association is the lessee under noncancellable operating leases for office facilities.

The following is a schedule of future minimum lease payments:

<u>Year</u>	<u>Amount</u>
2016	\$ 156,863
2017	161,312
2018	165,762
2019	112,733

Lease (occupancy) expense was \$157,709 and \$155,539 for the years ended June 30, 2015 and 2014, respectively.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 11 - Lease Commitments (Continued)

Capital Leases

The Association is the lessee of office equipment under a capital lease expiring in May 2017. The assets and liabilities under the capital lease are recorded at a lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation and amortization expense for 2015 and 2014.

Following is a summary of property held under capital leases at June 30, 2015:

Computer equipment and software	\$ 180,010
Less: Accumulated amortization	<u>111,006</u>
	<u>\$ 69,004</u>

The interest rate on the capitalized lease is 3.16%, which was imputed based on the lower of the Association's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. This capital lease allows for a purchase option representing the expected fair value of the property at the expiration of the lease term.

Minimum future lease payments under the capital lease as of June 30, 2015 were as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 53,160
2017	<u>49,211</u>
Total minimum lease payments	102,371
Less: Amounts representing interest	<u>3,249</u>
Present value of net minimum lease payments	<u>\$ 99,122</u>

Note 12 - Fair Value Measurements

The Association follows FASB ASC 820 *Fair Value Measurements and Disclosures* which establishes the framework for measuring fair value, and expands disclosures about fair value measurements.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 12 - Fair Value Measurements (Continued)

FASB ASC 820-10 defines 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. FASB ASC 820-10 also establishes a fair value hierarchy, which requires 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 in active markets for similar assets or liabilities, quoted prices in markets that are not active, or other 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 and reflect substantial management judgment or estimation utilizing available market data.

The following is a description of the valuation methodologies used for instruments 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 instruments pursuant to the valuation hierarchy.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Fund: Valued at the net assets value (NAV) of shares held at year end.

Beneficial interest in a perpetual trust: Measured using the fair value of the assets held in the trust as reported by the trustee as of June 30, 2015 and 2014. The Association considers the measurement of its beneficial interest in the trust to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Association will never receive those assets or have the ability to direct the trustee to redeem them.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 12 - Fair Value Measurements (Continued)

Management determines the fair value measurement valuation policies and procedures, which are subject to Board of Directors assessment and approval. At least annually, Management determines if the current valuation techniques used in fair value measurements are still appropriate. During the years ended June 30, 2015 and 2014, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Association's assets.

The Association recognizes transfers, if any, between levels in the fair value hierarchy at the end of the reporting period. There were no transfers for the years ended June 30, 2015 and 2014.

The following tables, set forth by level within the fair value hierarchy, are the Association's assets at fair value at June 30, 2015 and 2014:

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 524,709	\$ -	\$ -	\$ 524,709
Foreign large blend equity fund	-	-	-	-
Large blend equity fund	-	-	-	-
Beneficial interest in perpetual trusts	-	-	2,564,498	2,564,498
Beneficial interest in charitable remainder trust	-	-	<u>67,610</u>	<u>67,610</u>
Total	<u>\$ 524,709</u>	<u>\$ -</u>	<u>\$ 2,632,108</u>	<u>\$ 3,156,817</u>
	June 30, 2014			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 213,078	\$ -	\$ -	\$ 213,078
Foreign large blend equity fund	57,061	-	-	57,061
Large blend equity fund	254,804	-	-	254,804
Beneficial interest in perpetual trusts	-	-	2,631,864	2,631,864
Beneficial interest in charitable remainder trust	-	-	<u>67,810</u>	<u>67,810</u>
Total	<u>\$ 524,943</u>	<u>\$ -</u>	<u>\$ 2,699,674</u>	<u>\$ 3,224,617</u>

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

Notes to Financial Statements - Continued

June 30, 2015

Note 12 - Fair Value Measurement (Continued)

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2015 and 2014:

	Beneficial Interest In Perpetual Trust	Beneficial Interest In Charitable Remainder Trust	Total
Balance – July 1, 2013	\$ 2,485,933	\$ 69,288	\$ 2,555,221
Contributions	-	-	-
Change in value of beneficial interest in trusts	<u>145,931</u>	<u>(1,478)</u>	<u>144,453</u>
Balance – June 30, 2014	2,631,864	67,810	2,699,674
Contributions	-	-	-
Changes in value of beneficial interest in trusts	<u>(67,366)</u>	<u>(200)</u>	<u>(67,566)</u>
Balance – June 30, 2015	\$ <u>2,564,498</u>	\$ <u>67,610</u>	\$ <u>2,632,108</u>

Note 13 - Endowment Funds

The Association's endowment funds consist of donor-restricted endowment funds. Assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 stipulations 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 Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

Notes to Financial Statements - Continued

June 30, 2015

Note 13 - Endowment Funds (Continued)

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 funds;
- (2) The purpose of the Association and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Association; and
- (7) The investment policies of the Association.

The Association invests endowment assets in cash or cash equivalents to conservatively maintain the historic dollar value while gradually achieving growth in endowment assets and providing a stable stream of funding. Income earned on endowment assets has been restricted by the donors for research activities. Along with other research restricted contributions described in Note 8, this income is remitted to the National Organization.

As of June 30, 2015 and 2014, the Association had the following endowment funds:

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Donor – restricted endowment funds	\$ <u> -</u>	\$ <u> 112,604</u>	\$ <u> 112,604</u>
	2014		
	Temporarily Restricted	Permanently Restricted	Total
Donor – restricted endowment funds	\$ <u> -</u>	\$ <u> 112,604</u>	\$ <u> 112,604</u>

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

Notes to Financial Statements - Continued

June 30, 2015

Note 13 - Endowment Funds (Continued)

The change in these endowment funds for the years ended June 30, 2015 and 2014 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net assets – July 1, 2013	\$ -	\$ 112,604	\$ 112,604
Investment income	7,133	-	7,133
Appropriation of endowment assets for research	<u>(7,133)</u>	<u>-</u>	<u>(7,133)</u>
Net assets – June 30, 2014	-	112,604	112,604
Investment income	2,743	-	2,743
Appropriation of endowment assets for research	<u>(2,743)</u>	<u>-</u>	<u>(2,743)</u>
Net assets – June 30, 2015	\$ <u>-</u>	\$ <u>112,604</u>	\$ <u>112,604</u>

Note 14 - Subsequent Events

Management has evaluated all subsequent events and transactions through October 5, 2015, the date which the financial statements were available to be issued.