



**Consolidated Financial Statements and Report of
Independent Certified Public Accountants**

Alzheimer's Association

June 30, 2014 and 2013

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Report on the financial statements

We have audited the accompanying consolidated financial statements of Alzheimer's Association and affiliates (together, the Association), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Association and affiliates as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position as of June 30, 2014, and consolidating statement of activities for the year ended June 30, 2014, are presented for purposes of additional analysis, rather than to present the financial position, results of operations and cash flows of the individual entities, and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating and supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Chicago, Illinois
October 10, 2014

Alzheimer's Association
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30,
(In thousands)

ASSETS	2014	2013
Cash	\$ 30,157	\$ 20,713
Pledges receivable, net	21,056	15,897
Receivables - Chapters, net	18,624	25,971
Other receivables	4,513	1,515
Notes receivable	40	498
Inventories of education materials, at cost	416	304
Investments	54,289	47,315
Prepaid expenses	4,637	6,372
Assets held in trust	222	163
Fixed assets, net	7,675	5,807
Beneficial interest in split-interest agreements	5,329	1,498
Beneficial interest in perpetual trusts	14,981	12,999
TOTAL ASSETS	\$ 161,939	\$ 139,052

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 1,898	\$ 723
Grants payable, net	21,885	23,357
Deferred compensation payable	372	163
Accrued expenses	7,411	6,496
Self-insurance reserve	257	277
Accounts payable - Chapters	15,184	13,769
Gift annuity obligations	5,050	4,351
Deferred revenue	3,183	2,795
Deferred rent	1,682	1,968
Total liabilities	56,922	53,899
Net assets		
Unrestricted	40,000	35,430
Temporarily restricted	37,497	24,811
Permanently restricted	27,520	24,912
Total net assets	105,017	85,153
TOTAL LIABILITIES AND NET ASSETS	\$ 161,939	\$ 139,052

The accompanying notes are an integral part of these statements.

Alzheimer's Association
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2014, with comparative totals for 2013
(In thousands)

	2014			2013 total*
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenues, gains and other support				
Contributions	\$ 81,922	\$ 30,881	\$ 551	\$ 113,354
Less contributions remitted to Chapters	(33,287)	-	-	(33,287)
Add amounts received from Chapters under shared fundraising	42,366	-	-	42,366
Net contribution revenues	91,001	30,881	551	122,433
Book sales and other	10,610	-	-	10,610
Dividends and interest	1,284	760	-	2,044
Net assets released from restrictions	22,908	(22,908)	-	-
Total revenues, gains and other support	125,803	8,733	551	135,087
Expenses				
Program services				
Research	29,147	-	-	29,147
Public awareness and education	31,340	-	-	31,340
Chapter services	10,834	-	-	10,834
Public policy	8,744	-	-	8,744
Family and health care professional services	19,291	-	-	19,291
Total program services	99,356	-	-	99,356
Supporting services				
Management and general	7,357	-	-	7,357
Fundraising	20,371	-	-	20,371
Total supporting services	27,728	-	-	27,728
Total expenses	127,084	-	-	127,084
(Deficiency) excess from operations	(1,281)	8,733	551	8,003
Other changes in net assets				
Net realized and unrealized gains in value of investments	3,391	1,532	-	4,923
Change in value of split-interest agreements	(239)	(15)	-	(254)
Change in value of perpetual trusts	-	-	1,548	1,548
Acquisition of dissolved chapters	3,219	2,436	509	6,164
Bad debt expense	(520)	-	-	(520)
Total other changes in net assets	5,851	3,953	2,057	11,861
CHANGE IN NET ASSETS	4,570	12,686	2,608	19,864
Net assets at beginning of year	35,430	24,811	24,912	85,153
Net assets at end of year	\$ 40,000	\$ 37,497	\$ 27,520	\$ 105,017

*See complete 2013 statement of activities on page 7.

The accompanying notes are an integral part of this statement.

Alzheimer's Association
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2013
(In thousands)

	2013			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenues, gains and other support				
Contributions	\$ 71,423	\$ 21,958	\$ 1,589	\$ 94,970
Less contributions remitted to Chapters	(33,121)	-	-	(33,121)
Add amounts received from Chapters under shared fundraising	49,016	-	-	49,016
Net contribution revenues	87,318	21,958	1,589	110,865
Book sales and other	10,469	-	-	10,469
Dividends and interest	1,593	748	-	2,341
Net assets released from restrictions	20,409	(20,409)	-	-
Total revenues, gains and other support	119,789	2,297	1,589	123,675
Expenses				
Program services				
Research	28,323	-	-	28,323
Public awareness and education	27,369	-	-	27,369
Chapter services	9,448	-	-	9,448
Public policy	6,227	-	-	6,227
Family and health care professional services	16,585	-	-	16,585
Total program services	87,952	-	-	87,952
Supporting services				
Management and general	6,985	-	-	6,985
Fundraising	19,396	-	-	19,396
Total supporting services	26,381	-	-	26,381
Total expenses	114,333	-	-	114,333
Excess from operations	5,456	2,297	1,589	9,342
Other changes in net assets				
Net realized and unrealized gains in value of investments	2,195	917	-	3,112
Change in value of split-interest agreements	(259)	(318)	-	(577)
Change in value of perpetual trusts	-	-	882	882
Acquisition of dissolved chapters	1,373	39	270	1,682
Bad debt expense	(646)	-	-	(646)
Total other changes in net assets	2,663	638	1,152	4,453
CHANGE IN NET ASSETS	8,119	2,935	2,741	13,795
Net assets at beginning of year	27,311	21,876	22,171	71,358
Net assets at end of year	\$ 35,430	\$ 24,811	\$ 24,912	\$ 85,153

The accompanying notes are an integral part of this statement.

Alzheimer's Association
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2014
(In thousands)

	Program services					Supporting services			Total all expenses	
	Research	Public awareness and education	Chapter services	Public policy	Family and healthcare professional services	Total	Management and general	Fundraising		Total
Salaries and related benefits	\$ 5,639	\$ 5,083	\$ 6,704	\$ 4,467	\$ 11,350	\$ 33,243	\$ 2,615	\$ 9,565	\$ 12,180	\$ 45,423
Grants and funded research	13,269	198	678	1,294	163	15,602	-	-	-	15,602
Professional fees and consultants	1,698	1,279	528	831	1,791	6,127	647	3,042	3,689	9,816
Telephone, postage and supplies	424	4,666	288	261	599	6,238	1,602	1,271	2,873	9,111
Occupancy	1,165	957	431	465	2,562	5,580	211	619	830	6,410
Conferences and meetings	2,304	702	1,222	905	1,067	6,200	260	1,552	1,812	8,012
Printing and promotions	1,633	18,244	355	360	678	21,270	1,474	3,739	5,213	26,483
Miscellaneous	2,973	129	80	113	884	4,179	471	435	906	5,085
Total expenses before depreciation	29,105	31,258	10,286	8,696	19,094	98,439	7,280	20,223	27,503	125,942
Depreciation	42	82	548	48	197	917	77	148	225	1,142
Total expenses	<u>\$ 29,147</u>	<u>\$ 31,340</u>	<u>\$ 10,834</u>	<u>\$ 8,744</u>	<u>\$ 19,291</u>	<u>\$ 99,356</u>	<u>\$ 7,357</u>	<u>\$ 20,371</u>	<u>\$ 27,728</u>	<u>\$ 127,084</u>

The accompanying notes are an integral part of this statement.

Alzheimer's Association
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2013
(In thousands)

	Program services					Supporting services			Total all expenses	
	Research	Public awareness and education	Chapter services	Public policy	Family and healthcare professional services	Total	Management and general	Fundraising		Total
Salaries and related benefits	\$ 3,675	\$ 4,475	\$ 4,466	\$ 2,917	\$ 10,283	\$ 25,816	\$ 2,396	\$ 7,737	\$ 10,133	\$ 35,949
Grants and funded research	15,069	-	493	808	367	16,737	-	-	-	16,737
Professional fees and consultants	1,724	1,859	620	1,126	1,507	6,836	867	4,784	5,651	12,487
Telephone, postage and supplies	398	3,992	405	156	512	5,463	1,629	1,222	2,851	8,314
Occupancy	775	635	765	318	1,737	4,230	156	566	722	4,952
Conferences and meetings	1,943	431	1,661	596	810	5,441	91	1,392	1,483	6,924
Printing and promotions	1,294	15,855	660	180	507	18,496	1,324	3,028	4,352	22,848
Miscellaneous	3,401	62	58	70	656	4,247	441	501	942	5,189
Total expenses before depreciation	28,279	27,309	9,128	6,171	16,379	87,266	6,904	19,230	26,134	113,400
Depreciation	44	60	320	56	206	686	81	166	247	933
Total expenses	<u>\$ 28,323</u>	<u>\$ 27,369</u>	<u>\$ 9,448</u>	<u>\$ 6,227</u>	<u>\$ 16,585</u>	<u>\$ 87,952</u>	<u>\$ 6,985</u>	<u>\$ 19,396</u>	<u>\$ 26,381</u>	<u>\$ 114,333</u>

The accompanying notes are an integral part of this statement.

Alzheimer's Association
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30,
(In thousands)

	2014	2013
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 19,864	\$ 13,795
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,142	933
Net realized and unrealized gains in value of investments	(4,923)	(3,112)
Cash received from acquired chapters	(2,601)	(616)
Increase in pledges, chapter receivables, other receivables and notes receivable	(352)	(9,546)
Decrease (increase) in inventories and prepaid expenses	1,623	(227)
Increase in payables, accrued expenses and chapter obligations	2,222	1,709
Increase in deferred revenue	388	315
Decrease in deferred rent	(286)	(120)
Increase in beneficial interest in split-interest agreements	(3,831)	(213)
Change in value of perpetual trusts	(1,982)	(2,408)
Increase (decrease) in gift annuity obligations	699	(127)
Contributions restricted for long-term investment	(551)	(1,589)
Net cash provided by (used in) operating activities	11,412	(1,206)
Cash flows from investing activities		
Purchase of fixed assets	(3,010)	(3,259)
Proceeds from sale of investments	32,578	23,296
Purchases of investments	(33,669)	(13,105)
Net cash (used in) provided by investing activities	(4,101)	6,932
Cash flows from financing activities		
Proceeds from contributions restricted for Long-term investment	551	1,589
Investment subject to annuity agreement	780	792
	1,331	2,381
Other financing activities		
Payment of annuity obligations	(1,799)	(472)
Net cash (used in) provided by financing activities	(468)	1,909
Other cash flows		
Cash received from acquired chapters	2,601	616
Net other cash flows	2,601	616
NET CHANGE IN CASH	9,444	8,251
Cash at beginning of year	20,713	12,462
Cash at end of year	<u>\$ 30,157</u>	<u>\$ 20,713</u>

The accompanying notes are an integral part of these statements.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE A - ORGANIZATION AND BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Alzheimer's Association, Alzheimer's Impact Movement (AIM) and Alzheimer's Impact Movement Political Action Committee (AIMPAC) (together, the Association). All significant intercompany balances and transactions have been eliminated in consolidation.

The Alzheimer's Association, incorporated as the Alzheimer's Disease and Related Disorders Association, Inc., is a not-for-profit, tax-exempt organization dedicated to achieving its mission: 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. The Association's mission is carried out through research, education, public awareness, advocacy, programs and services. The Association's primary sources of revenue and support are contributions from the public, corporations and foundations.

AIM is a non-partisan, non-profit advocacy organization working in strategic partnership with the Alzheimer's Association to make Alzheimer's disease a national priority. AIM's mission is to advocate for the advancement of public policy in order to eliminate Alzheimer's disease through the advancement of research, to enhance care and support for all affected and to reduce the risk of dementia.

AIMPAC is a voluntary, non-partisan political action committee to support and elect federal congressional candidates who are committed to ending Alzheimer's disease in our lifetimes. AIMPAC, the political arm of AIM, is integral in educating members of Congress about critical Alzheimer's issues in support of the policy priorities of the Alzheimer's Association; to fight for a better life for the millions of Americans who live with Alzheimer's; and to ensure the voice of the Alzheimer's community is heard in the halls of Congress.

In addition, the Association oversees the operations and activities for 26 National Chapters to facilitate strategic alignment, deliver on the overarching Association-wide strategic objectives and priority activities, and to ensure coverage for all geographic territories. Their activity is included in the consolidated financial statements and consists of incremental revenues of approximately \$27,600,000 and expenses of approximately \$16,900,000 for the year ended June 30, 2014, and revenues of approximately \$10,800,000 and expenses of approximately \$7,300,000 for the year ended June 30, 2013.

There were 55 local chapters supported by the Association as of June 30, 2014. The accounts and operations of the local chapters are appropriately not included in the Association's consolidated financial statements. Seven chapters dissolved and a portion of an existing chapter was assumed by the national organization during the year ended June 30, 2014. Eight chapters dissolved and/or disaffiliated during the year ended June 30, 2013.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions and Presentation

All contributions are considered available for the general programs of the Association unless specifically restricted by the donor. The Association reports monetary gifts as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets or are subject to time or legal restriction. A donor restriction expires when a stipulated time or legal restriction ends or when a purpose restriction is

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

For discounting purposes, pledges receivable are classified as either collectible in one year or less or collectible in multiple years. Those receivables deemed collectible in one year or less are stated at their full face value. Those classified as multi-year pledges are stated at their net present value, using a risk-adjusted discount rate.

Permanently restricted net assets are those assets for which donors require the principal of the gift to be maintained in perpetuity.

Under the Shared Fundraising (SFR) policy, the Association and Chapters share all unrestricted contributed revenue received by either party from the chapter's geographical area based on a predetermined sharing percentage. The amount due from the chapters under SFR is reported as Receivables - Chapters. The amount due to the chapters under SFR is reported as Accounts Payable - Chapters.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.

Allowances for Uncollectible Amounts

The Association evaluates the collectibility of its chapter receivables and pledges receivable based on the length of time the receivable is outstanding, historical experience, and an assessment of business and economic conditions. The receivables are charged to the allowance for uncollectible amounts when they are deemed uncollectible.

Fair Value of Financial Instruments

U.S. GAAP defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and specifies disclosure requirements for fair value measurements. Furthermore, the Association maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but that are traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Association. The Association considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based on the pricing transparency of the instrument and does not necessarily correspond to the Association's perceived risk of that instrument.

Valuation of Investments and Financial Instruments

Investments with values that are based on quoted market prices in active markets and are, therefore, classified within Level 1, include active listed equities and fixed income funds. The Association does not adjust the quoted price for such instruments, even in situations where the Association holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but that are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. Level 2 investments include U.S. Government agency securities.

Investments and financial instruments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The valuation of the beneficial interest in the split-interest agreements and perpetual trusts falls under Level 3, as there are no significant observable inputs. The trust valuations are based on assumptions about the present value of distributions to be received from the trusts.

The inputs used by the Association in estimating the Level 3 beneficial interests in split-interest agreements and perpetual trusts include mark-to-market adjustments, annuitant life expectancy and future asset growth. Assumptions used by the Association due to the lack of observable inputs may significantly impact the resulting fair value of the investments and beneficial interests in the split-interest agreements and perpetual trusts and, therefore, the Association's results of operations.

Assets Held in Trust

Investments held in trust are carried at fair value. The investments represent contributions to 457(b) plans for key employees. See note G for additional information about the terms of these plans.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

Fixed Assets

Building, furniture, equipment and leasehold improvements are stated at cost or, if donated, at fair market value at the date of donation. Depreciation on furniture and equipment is provided on a straight-line basis over the estimated useful lives (three to seven years) of the assets. Depreciation on the building is provided on a straight-line basis over the estimated useful life (39 years). Amortization of leasehold improvements is provided on a straight-line basis over the shorter of the useful life or remaining life of the lease (up to 15 years).

Notes Receivable

Credit is extended to chapters for loans receivable based on evaluation of the chapters' financial condition, and collateral is not required. Loans receivable are stated at amounts due. The Association evaluates the collectibility of its loans receivable based on the length of time the receivable is outstanding and an assessment of business and economic conditions. Accounts outstanding longer than the contractual payment terms are considered past due. The Association maintained no past-due loans receivable for the years ended June 30, 2014 and 2013. The Association did not record an allowance for doubtful accounts based on an assessment of the nature of the loans receivable.

Grants Payable

The Association awards research grants generally covering a period of one to three years. Grant expense is recorded as an unconditional promise to give upon approval of the grant.

Deferred Revenue

Registration fees received for conferences to be held in a subsequent period are recognized as deferred revenue. These fees are recorded as unrestricted revenues in the period in which the conference is held.

Advertising Expense

Advertising expense is recorded in the period in which the advertising first takes place. Advertising expense was approximately \$13,586,000 and \$10,382,000 for the years ended June 30, 2014 and 2013, respectively.

Income Taxes

The Association and AIM have received favorable determination letters from the Internal Revenue Service, stating that they are exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code of 1986 (IRC), as organizations described in Sections 501(c)(3) and 501(c)(4), respectively, except for income taxes pertaining to unrelated business income. AIMPAC is a political action committee organization exempt from federal taxes under Section 527 of the IRC. The Financial Accounting Standards Board issued guidance that requires tax effects from uncertain tax positions to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain positions that require recognition in the consolidated financial statements and, as such, no provision for income taxes is reflected. Additionally, there is no interest or penalties recognized in the consolidated statements of activities or statements of financial position. Aside from the current year, the tax years ended 2010, 2011, 2012 and 2013 are still open to audit for both federal and state purposes.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

Reclassifications

Certain reclassifications have been made to the 2013 consolidated financial statements to conform to the 2014 presentation.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable, net of estimated uncollectible amounts and discounted to present value, are due to be collected as follows at June 30 (in thousands):

	<u>2014</u>	<u>2013</u>
Less than one year	\$15,720	\$12,443
One to five years	<u>6,555</u>	<u>4,362</u>
	22,275	16,805
Less		
Unamortized discount	(439)	(324)
Allowance for uncollectible amounts	<u>(780)</u>	<u>(584)</u>
Pledges receivable, net	<u>\$21,056</u>	<u>\$15,897</u>

As of June 30, 2014, discount rates on pledges receivable ranged from 1.66% to 5.15%.

NOTE D - INVESTMENTS

The fair value of investments is as follows at June 30 (in thousands):

	<u>2014</u>	<u>2013</u>
Short-term reserves and cash	\$ 1,257	\$ 219
Fixed income funds	24,845	19,139
Equity funds	27,845	27,560
U.S. government agency securities	<u>342</u>	<u>397</u>
Total	<u>\$54,289</u>	<u>\$47,315</u>

Investment fees incurred totaled approximately \$119,000 and \$112,000 at June 30, 2014 and 2013, respectively, which were netted with dividends and interest income.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables summarize assets by fair value hierarchy levels as of June 30 (in thousands):

	2014			Total
	Level 1	Level 2	Level 3	
Fixed income funds	\$24,845	\$ -	\$ -	\$24,845
Equity funds	27,845	-	-	27,845
U.S. government agency securities	-	342	-	342
Beneficial interest in split-interest agreements	-	-	5,329	5,329
Beneficial interest in perpetual trusts	-	-	<u>14,981</u>	<u>14,981</u>
Total	<u>\$52,690</u>	<u>\$342</u>	<u>\$20,310</u>	<u>\$73,342</u>

	2013			Total
	Level 1	Level 2	Level 3	
Fixed income funds	\$19,139	\$ -	\$ -	\$19,139
Equity funds	27,560	-	-	27,560
U.S. government agency securities	-	397	-	397
Beneficial interest in split-interest agreements	-	-	1,498	1,498
Beneficial interest in perpetual trusts	-	-	<u>12,999</u>	<u>12,999</u>
Total	<u>\$46,699</u>	<u>\$397</u>	<u>\$14,497</u>	<u>\$61,593</u>

The following table summarizes the changes in fair values associated with Level 3 assets (in thousands):

	Beneficial interest in split-interests agreements	Beneficial interest in perpetual trusts	Total
Balance, June 30, 2012	\$1,285	\$10,591	\$11,876
Additions	356	1,526	1,882
Unrealized gains	90	882	972
Payments received	<u>(233)</u>	-	<u>(233)</u>
Balance, June 30, 2013	1,498	12,999	14,497
Additions	3,877	434	4,311
Unrealized gains	251	1,548	1,799
Payments received	(259)	-	(259)
Write-offs	<u>(38)</u>	-	<u>(38)</u>
Balance, June 30, 2014	<u>\$5,329</u>	<u>\$14,981</u>	<u>\$20,310</u>

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

All net realized and unrealized gains (losses) in the table above are reflected in the accompanying consolidated statements of activities. Net unrealized gains (losses) relate to those investments held by the Association at year-end.

NOTE F - NOTES RECEIVABLE

The Association held notes receivable in the amount of \$40,000 and \$498,000 as of June 30, 2014 and 2013, respectively. The \$40,000 was received in July 2014.

NOTE G - DEFERRED COMPENSATION

Effective September 2006, a 457(f) deferred compensation agreement was entered into with the Association's current chief executive officer. The contract was revised in November 2012. Under the current agreement, the Association provides for deferred compensation of \$150,000 per year. The 457(f) deferred compensation payable is \$150,000 at June 30, 2014.

The Association maintains 457(b) deferred compensation plans for key employees, which provide that a certain percentage of the key employee's salary be accrued for the benefit of the participant. These plans are provided for currently. The amounts of \$59,000 and \$163,000 due under the plans were accrued and included in deferred compensation payable at June 30, 2014 and 2013, respectively, and the related investments are included in assets held in trust on the accompanying consolidated statements of financial position.

Deferred compensation payables at June 30, 2014 and 2013, are as follows (in thousands):

	<u>2014</u>	<u>2013</u>
457(f) plan	\$150	\$ -
457(b) plans	<u>222</u>	<u>163</u>
Deferred compensation payable	<u>\$372</u>	<u>\$163</u>

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

NOTE H - FIXED ASSETS

At June 30, 2014 and 2013, fixed assets and the related accumulated depreciation were as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Land and building	\$ 600	\$ 600
Leasehold improvements	4,234	4,026
Equipment and software	11,860	10,625
Furniture and fixtures	<u>1,768</u>	<u>1,702</u>
Total fixed assets	18,462	16,953
Less accumulated depreciation	(14,149)	(13,009)
Equipment not in service	<u>3,362</u>	<u>1,863</u>
Fixed assets, net	<u>\$ 7,675</u>	<u>\$ 5,807</u>

NOTE I - PERPETUAL TRUSTS AND SPLIT-INTEREST AGREEMENTS

The Association is a beneficiary of perpetual trusts administered by independent organizations. Under the terms of the trusts, the Association has irrevocable rights to receive portions of the income earned on the trust assets in perpetuity. The Association's beneficial interest in the perpetual trusts, at fair value, totaled approximately \$14,981,000 and \$12,999,000 at June 30, 2014 and 2013, respectively.

The Association is the beneficiary of charitable lead and remainder trust agreements held by independent trustees. Under the terms of the agreements, the Association has an unconditional right to receive all or a portion of specified cash flows from the agreements. The agreements are valued at fair value based on expected future cash flows and discounted present value at a risk-adjusted rate. As of June 30, 2014 and 2013, the Association applied a discount rate of 2.485% and 1.660%, respectively. The Association's beneficial interest is approximately \$5,329,000 and \$1,498,000 at June 30, 2014 and 2013, respectively.

The Association also has charitable gift annuity arrangements in which donors have contributed assets to the Association in exchange for a promise to pay a fixed amount for a specified period of time back to the donor. Gift annuity obligations represent the present value of future cash flows expected to be paid by the Association to the donors under these arrangements. Funds of approximately \$5,050,000 and \$4,351,000 at June 30, 2014 and 2013, respectively, have been segregated in separate accounts, the use of which is limited to meeting the gift annuity obligations.

NOTE J - SELF-INSURANCE RESERVE

The Association maintains a self-insured program for medical coverage as part of its employee benefits plan. Blue Cross Blue Shield of Illinois provides claims administration as well as both individual and aggregate stop-loss coverage. Funding for this program is obtained through both employee and employer contributions for

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

medical coverage and through earnings on designated assets held to pay claims. Investments designated by the Association for the insurance program amounted to approximately \$257,000 and \$277,000 as of June 30, 2014 and 2013, respectively, and were included in unrestricted net assets. As of June 30, 2014 and 2013, the actuarially determined liability associated with this program was approximately \$257,000 and \$277,000, respectively, and is determined as an estimated liability for self-insured claims in the accompanying consolidated statements of financial position.

NOTE K - GRANTS PAYABLE

Grants payable are discounted to present value. They are due to be disbursed as follows at June 30 (in thousands):

	<u>2014</u>	<u>2013</u>
Less than one year	\$16,348	\$17,560
One to five years	<u>5,700</u>	<u>5,932</u>
	22,048	23,492
Less unamortized discount	<u>(163)</u>	<u>(135)</u>
Grants payable, net	<u>\$21,885</u>	<u>\$23,357</u>

As of June 30, 2014 and 2013, discount rates on grants payable ranged from 1.66% to 2.49% and 1.66% to 3.16%, respectively.

NOTE L - GIFTS-IN-KIND AND CONTRIBUTED SERVICES

Gifts-in-kind and contributed services are reflected as expenses and contributions at their estimated fair value at date of the gift or service. During 2014, the Association received approximately \$3,338,000 in gifts-in-kind and contributed services. Of these non-monetary transactions, the Association recorded services valued at approximately \$2,732,000 as program expense for the medical science research grants review process and gifts-in-kind of approximately \$606,000 as fundraising expenses. During 2013, the Association received approximately \$3,513,000 in gifts-in-kind and contributed services. Of these non-monetary transactions, the Association recorded services valued at approximately \$3,137,000 as program expense for the medical science research grants review process and gifts-in-kind of approximately \$376,000 as fundraising expenses.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

NOTE M - ALLOCATION OF JOINT COSTS

For the years ended June 30, 2014 and 2013, the Association incurred expenses of approximately \$14,227,000 and \$15,083,000, respectively, related to the distribution of informational materials that included fundraising appeals. The Association allocated these costs as follows for the years ended June 30 (in thousands):

	<u>2014</u>	<u>2013</u>
Public awareness and education	\$ 8,647	\$ 8,832
Fundraising	3,536	3,776
Management and general	<u>2,044</u>	<u>2,475</u>
Total	<u>\$14,227</u>	<u>\$15,083</u>

NOTE N - RETIREMENT PLANS

The Association has a defined contribution retirement plan covering substantially all of its full-time employees. The Association contributes, at a minimum, an amount equal to 6% of the annual compensation of the plan's participants to the defined contribution plan. The Association also matches 100% of an employee's contribution up to 5% of the employee's annual compensation.

The Association's policy is to fund retirement plan costs as they are accrued. Contribution expense related to the defined contribution plan totaled approximately \$2,849,000 and \$2,297,000 for the years ended June 30, 2014 and 2013, respectively.

NOTE O - COMMITMENTS - OPERATING LEASE OBLIGATIONS

The Association currently has a 15-year operating lease agreement for office space in Chicago, Illinois, that expires on March 31, 2018. This lease agreement includes inducements totaling approximately \$3,166,000 for leasehold improvements. The lease inducements are reflected as deferred rent in the accompanying consolidated statements of financial position and are being amortized on a straight-line basis over the term of the lease agreement.

The Association also has a 10-year operating lease agreement for office space in Washington, D.C., that has been accounted for as an operating lease in the accompanying consolidated financial statements. The current lease is effective September 1, 2010 through November 30, 2020. The Association has also entered into 43 short-term leases for the National Chapters. The leases range in length from 10 to 90 months and contain provisions for future rent increases that are included in the future minimum lease payments below and are amortized using the straight-line method over the lease terms.

Rental expense under the lease agreements totaled approximately \$2,275,000 and \$1,501,000 for the years ended June 30, 2014 and 2013, respectively.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

Operating lease obligations for office equipment, including copiers and mailing systems, are also included in the obligations stated below.

Subsequent to June 30, 2014, the Association entered into additional property rental lease agreements (see note V).

Future rental commitments as of June 30, 2014, for all non-cancelable operating leases are as follows (in thousands):

Years ending June 30.

2015	\$ 2,412
2016	2,288
2017	2,081
2018	1,758
2019	919
Thereafter	<u>968</u>
Total	<u>\$10,426</u>

NOTE P - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30 (in thousands):

	<u>2014</u>	<u>2013</u>
Research	\$28,493	\$18,565
Miscellaneous projects	2,926	2,909
Time restricted	<u>6,078</u>	<u>3,337</u>
Total	<u>\$37,497</u>	<u>\$24,811</u>

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

NOTE Q - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. Permanently restricted net assets were as follows as of June 30 (in thousands):

	<u>2014</u>	<u>2013</u>
John P. Green, Jr. Charitable Foundation Trust	\$ 9,354	\$ 8,323
Evelyn T. Stone Memorial Fund	2,790	2,727
George Graff Perpetual Trust	1,487	1,263
Samuel A. Blank Research Fund	1,257	1,256
National Alzheimer's Research Fund Endowment	1,000	1,000
Stephanie Aschemeyer Endowment Fund	897	897
John Lyman Bogert Memorial Research Fund	750	750
Edward P. and Mary Klein Smith Foundation Trust	620	538
Harold W. and Georgiana Spaght Memorial Fund	601	601
Sandra E. Lamb Charitable Trust	554	508
Mary J. Wickstrom Estate	500	500
Barbara Meyer	500	-
Alburger Perpetual Trust	499	454
Hindenburg Perpetual Trust	488	467
George F. Berlinger Memorial Fund	450	450
Gaedtke Trust	449	-
I.J. Berkson Research Fund	437	437
Edna Curl Endowment Fund	411	411
Ruth Templeton Henney Alzheimer's Research Foundation	361	361
Norman Gotlieb and Bertha Chrystall Gotlieb Fund	345	340
Willis Trust	303	274
Evelyn Schwartz Endowment	278	278
William Edmonson Trust	273	260
Mr. and Mrs. Neil Bluhm Pilot Research Grant Fund	252	251
The Blum-Kovler Foundation Pilot Research Grant Fund	250	250
Arthur and Josephine Lowell Charitable Foundation Trust	226	224
Bertis Westfall Charitable Trust	213	219
Donald R. McLennan Jr. Research Fund	212	212
Ruth Bates Charitable Trust	185	167
Sara & Soloman Hartman Family Charitable Trust	169	154
Sperry Charitable Trust	161	147
David Finkle Pilot Research Grant Fund	153	153
Robert and Marie Leonard	141	141
Omens/Normand Research Fund	120	120
Marian Burke Research Scholarship Fund	120	120
The Plotkin-Wollin Research Fund	119	119
Helen and Philip Brody Pilot Research Grant Fund	100	100
Plumsock Fund	100	100
Individual funds less than \$100	<u>395</u>	<u>340</u>
Total	<u>\$27,520</u>	<u>\$24,912</u>

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

NOTE R - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the years ended June 30 (in thousands):

	<u>2014</u>	<u>2013</u>
Purpose restrictions accomplished		
Research	\$20,681	\$19,853
Miscellaneous projects	1,838	556
Time restricted	<u>389</u>	<u>-</u>
Total net assets released from restrictions	<u>\$22,908</u>	<u>\$20,409</u>

NOTE S - ENDOWMENT NET ASSETS

Permanently restricted net assets are restricted as investments in perpetuity. The Association's endowment only consists of donor-restricted endowment funds. Net assets associated with the Association's endowment funds are classified and reported based on the existence of donor-imposed restrictions. Donors restrict the earnings of some of the Association's endowment funds to fund the Association's research program. In accordance with donor stipulations, the income generated from these assets is restricted for research (approximately 48%) or not purpose restricted (approximately 52%).

The Association accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, the Association classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) 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 endowment fund. The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Association and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Association.
- The investment policies of the Association.

The Association has adopted an investment policy that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. As of June 30, 2014, endowment assets only include those assets of donor-restricted funds that the Association must hold in perpetuity, as the Association does not have any board-designated endowment funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximizing returns on all funds invested and achieving full employment of all available funds as earning assets. The Association has an active finance committee and

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

investment sub-committee that meets regularly to ensure that the objectives of the investment policy are met, and that the strategies used to meet the objectives are in accordance with the investment policy. The Association's policy is to appropriate spending amounts deemed prudent for donor-restricted funds.

Changes in endowment net assets for the fiscal years ended June 30, 2014 and 2013, are as follows (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2012	\$ -	\$ 32	\$11,580	\$11,612
New gifts	-	-	334	334
Dividends and interest	-	459	-	459
Net appreciation (realized and unrealized)	-	889	-	889
Appropriation	<u>-</u>	<u>(639)</u>	<u>-</u>	<u>(639)</u>
Endowment net assets, June 30, 2013	-	741	11,914	12,655
New gifts	-	-	1,060	1,060
Dividends and interest	-	433	-	433
Net appreciation (realized and unrealized)	-	1,529	-	1,529
Appropriation	<u>-</u>	<u>(1,962)</u>	<u>-</u>	<u>(1,962)</u>
Endowment net assets, June 30, 2014	\$ <u>-</u>	\$ <u>741</u>	\$ <u>12,974</u>	\$ <u>13,715</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires the Association to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. There was no deficiency as of June 30, 2014 and 2013.

NOTE T - CONCENTRATION OF CREDIT RISK

Certain financial instruments subject the Association to credit risk. Those financial instruments consist primarily of cash, accounts receivable, beneficial interest in split-interest agreements and investments. The Association maintains its cash balance in financial institutions, which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. Concentration of credit risk with respect to receivables is limited due to the large number of accounts and low average cash balance. Concentration of credit risk with respect to the beneficial interest in split-interest agreements is limited through the diversification of the trust assets. The Association's investment policy also stipulates appropriate diversification of investment balances. As of June 30, 2014 and 2013, the Association had no significant concentration of credit risk in investments.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

NOTE U - ACQUIRED NET ASSETS

The Association acquired seven chapters during fiscal year 2014 as a result of chapter dissolution. No consideration was provided as a result of the transaction.

For fiscal year 2014, the following table summarizes the estimated fair values of the assets and liabilities at the acquisition date (in thousands):

Cash	\$ 2,601
Pledges receivable	34
Accounts receivable	504
Notes receivable	(134)
Investments	4,981
Prepaid expenses	<u>74</u>
Total identifiable assets acquired	8,060
Accounts payable	(737)
Accrued expenses	(1,043)
Deferred revenue	<u>(116)</u>
Net assets acquired	<u>\$ 6,164</u>

As a result, the net value is recorded as an acquisition of dissolved chapters during fiscal year 2014 in the consolidated statement of activities.

NOTE V - SUBSEQUENT EVENTS

The Association evaluated its June 30, 2014, consolidated financial statements for subsequent events through October 10, 2014, the date the consolidated financial statements were available to be issued. The Association is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements, with the exception of the following event:

Effective July 1, 2014, the Association acquired two additional chapters for no consideration, which became National Chapters. The fair value estimate of the assets and liabilities acquired is not yet completed. In relation

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2014 and 2013

to the acquisitions, the Association entered into three property rental lease agreements for the two new National Chapters. The future additional rental commitments are as follows (in thousands):

Years ending June 30.

2015	\$ 63
2016	65
2017	61
2018	57
2019	58
Thereafter	<u>83</u>
Total	<u>\$387</u>

SUPPLEMENTARY INFORMATION

Alzheimer's Association
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
Year ended June 30, 2014
(In thousands)

ASSETS	Alzheimer's Association	AIM	AIMPAC	Eliminations	Consolidated
Cash	\$ 29,836	\$ 234	\$ 87	\$ -	\$ 30,157
Pledges receivable, net	21,056	-	-	-	21,056
Receivables - Chapters, net	18,624	-	-	-	18,624
Other receivables	4,526	-	-	(13)	4,513
Notes receivable	40	-	-	-	40
Inventories of education materials, at cost	416	-	-	-	416
Investments	54,289	-	-	-	54,289
Prepaid expenses	4,623	14	-	-	4,637
Assets held in trust	222	-	-	-	222
Fixed assets, net	7,675	-	-	-	7,675
Beneficial interest in split-interest agreements	5,329	-	-	-	5,329
Beneficial interest in perpetual trusts	14,981	-	-	-	14,981
TOTAL ASSETS	\$ 161,617	\$ 248	\$ 87	\$ (13)	\$ 161,939
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 1,897	\$ 1	\$ -	\$ -	\$ 1,898
Grants payable, net	21,885	-	-	-	21,885
Deferred compensation payable	372	-	-	-	372
Accrued expenses	7,402	22	-	(13)	7,411
Self-insurance reserve	257	-	-	-	257
Accounts payable - Chapters	15,184	-	-	-	15,184
Gift annuity obligations	5,050	-	-	-	5,050
Deferred revenue	3,183	-	-	-	3,183
Deferred rent	1,682	-	-	-	1,682
Total liabilities	56,912	23	-	(13)	56,922
Net assets					
Unrestricted	39,688	225	87	-	40,000
Temporarily restricted	37,497	-	-	-	37,497
Permanently restricted	27,520	-	-	-	27,520
Total net assets	104,705	225	87	-	105,017
TOTAL LIABILITIES AND NET ASSETS	\$ 161,617	\$ 248	\$ 87	\$ (13)	\$ 161,939

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2014
(In thousands)

	Alzheimer's Association				AIM Unrestricted	AIMPAC Unrestricted	Eliminations Unrestricted	Consolidated
	Unrestricted	Temporarily restricted	Permanently restricted	Total				
Revenues, gains and other support								
Contributions	\$ 81,772	\$ 30,881	\$ 551	\$ 113,204	\$ 1,066	\$ 128	\$ (1,044)	\$ 113,354
Less contributions remitted to Chapters	(33,287)	-	-	(33,287)	-	-	-	(33,287)
Add amounts received from Chapters under shared fundraising	42,366	-	-	42,366	-	-	-	42,366
Net contribution revenues	90,851	30,881	551	122,283	1,066	128	(1,044)	122,433
Book sales and other	10,610	-	-	10,610	-	-	-	10,610
Dividends and interest	1,284	760	-	2,044	-	-	-	2,044
Net assets released from restrictions	22,908	(22,908)	-	-	-	-	-	-
Total revenues, gains and other support	125,653	8,733	551	134,937	1,066	128	(1,044)	135,087
Expenses								
Program services								
Research	29,147	-	-	29,147	-	-	-	29,147
Public awareness and education	31,340	-	-	31,340	-	-	-	31,340
Chapter services	10,834	-	-	10,834	-	-	-	10,834
Public policy	8,357	-	-	8,357	1,203	228	(1,044)	8,744
Family and healthcare professional services	19,291	-	-	19,291	-	-	-	19,291
Total program services	98,969	-	-	98,969	1,203	228	(1,044)	99,356
Supporting services								
Management and general	7,342	-	-	7,342	14	1	-	7,357
Fundraising	20,371	-	-	20,371	-	-	-	20,371
Total supporting services	27,713	-	-	27,713	14	1	-	27,728
Total expenses	126,682	-	-	126,682	1,217	229	(1,044)	127,084
Excess (deficiency) from operations	(1,029)	8,733	551	8,255	(151)	(101)	-	8,003
Other changes in net assets								
Net realized and unrealized gains in value of investments	3,391	1,532	-	4,923	-	-	-	4,923
Change in value of split-interest agreements	(239)	(15)	-	(254)	-	-	-	(254)
Change in value of perpetual trusts	-	-	1,548	1,548	-	-	-	1,548
Acquisition of dissolved chapters	3,219	2,436	509	6,164	-	-	-	6,164
Bad debt expense	(520)	-	-	(520)	-	-	-	(520)
Total other changes in net assets	5,851	3,953	2,057	11,861	-	-	-	11,861
CHANGE IN NET ASSETS	4,822	12,686	2,608	20,116	(151)	(101)	-	19,864
Net assets at beginning of year	34,866	24,811	24,912	84,589	376	188	-	85,153
Net assets at end of year	\$ 39,688	\$ 37,497	\$ 27,520	\$ 104,705	\$ 225	\$ 87	\$ -	\$ 105,017