

**ALZHEIMER'S DISEASE AND  
RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended  
June 30, 2015 and 2014

**ALZHEIMER’S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER  
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## **INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors  
Alzheimer's Disease and Related Disorders Association,  
Greater Illinois Chapter  
Chicago, Illinois

We have audited the accompanying financial statements of Alzheimer's Disease and Related Disorders Association, Greater Illinois Chapter (a nonprofit organization), 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 audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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, Greater Illinois Chapter 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.

*Sikich LLP*

Rockford, Illinois  
October 15, 2015

## **FINANCIAL STATEMENTS**

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	<u>2015</u>	<u>(As restated) 2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,861,957	\$ 815,876
Contributions receivable, net	356,518	1,190,167
Due from National		
Cash	318,882	459,506
Pledges	1,115,084	1,526,212
Other receivables	9,939	15,000
Prepaid expenses and other assets	38,596	35,489
	<hr/>	<hr/>
Total current assets	3,700,976	4,042,250
Cash and cash equivalents - restricted	73,319	56,000
Contributions receivable, net	18,290	20,400
Investments	1,998,344	1,465,629
Property, equipment, and software, net	247,746	86,029
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 6,038,675</b>	<b>\$ 5,670,308</b>
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 94,122	\$ 104,405
Accrued expenses	308,401	196,453
	<hr/>	<hr/>
Total current liabilities	402,523	300,858
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Unrestricted - undesignated	3,887,533	2,962,986
Temporarily restricted	1,748,619	2,406,464
	<hr/>	<hr/>
Total net assets	5,636,152	5,369,450
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,038,675</b>	<b>\$ 5,670,308</b>
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See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2015 and 2014

	(As restated)					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>						
Contributions and grants						
Memorials and tributes	\$ 275,429	\$ 7,447	\$ 282,876	\$ 235,950	\$ 4,105	\$ 240,055
Corporations	218,287	15,500	233,787	179,885	18,550	198,435
Individuals	206,383	95,661	302,044	183,255	13,484	196,739
Bequests	719,357	-	719,357	1,432,361	296,500	1,728,861
Foundations	32,844	14,650	47,494	28,708	26,767	55,475
Donated services and materials	51,050	-	51,050	117,805	-	117,805
Shared contributions, net	581,445	16,705	598,150	998,428	774,737	1,773,165
Government grants	-	30,000	30,000	7,000	20,000	27,000
Other grants	700	-	700	6,165	-	6,165
Total contributions and grants	2,085,495	179,963	2,265,458	3,189,557	1,154,143	4,343,700
Program services - education workshops	15,270	-	15,270	22,226	-	22,226
Interest and dividend income	37,231	-	37,231	36,056	-	36,056
Realized gains (losses) on investments	2	-	2	(581)	-	(581)
Unrealized gains (losses) on investments	(28)	-	(28)	172,622	-	172,622
Special events - gross receipts	2,981,202	505,016	3,486,218	2,399,546	358,385	2,757,931
Less special event expenses	(376,578)	-	(376,578)	(286,569)	-	(286,569)
Miscellaneous	3,126	-	3,126	3,630	-	3,630
Total revenues	4,745,720	684,979	5,430,699	5,536,487	1,512,528	7,049,015
Net assets released from restrictions	1,342,824	(1,342,824)	-	943,338	(943,338)	-
Total revenues and net assets released from restrictions	6,088,544	(657,845)	5,430,699	6,479,825	569,190	7,049,015
<b>EXPENSES</b>						
Program services						
Patient and family services	2,074,732	-	2,074,732	1,877,073	-	1,877,073
Public awareness and education	1,558,878	-	1,558,878	1,308,584	-	1,308,584
Public policy	272,962	-	272,962	232,527	-	232,527
Total program services	3,906,572	-	3,906,572	3,418,184	-	3,418,184
Support services						
Management and general	382,205	-	382,205	325,085	-	325,085
Fundraising	875,220	-	875,220	740,916	-	740,916
Total support services	1,257,425	-	1,257,425	1,066,001	-	1,066,001
Total expenses	5,163,997	-	5,163,997	4,484,185	-	4,484,185
CHANGE IN NET ASSETS	924,547	(657,845)	266,702	1,995,640	569,190	2,564,830
NET ASSETS, BEGINNING OF YEAR	2,962,986	2,406,464	5,369,450	967,346	1,837,274	2,804,620
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,887,533</b>	<b>\$ 1,748,619</b>	<b>\$ 5,636,152</b>	<b>\$ 2,962,986</b>	<b>\$ 2,406,464</b>	<b>\$ 5,369,450</b>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2015 and 2014

	<b>(As restated)</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from contributions and special fundraising events	\$ 5,558,344	\$ 3,829,670
Cash from program services - education workshops	13,820	22,226
Cash received under revenue sharing agreement	1,974,271	1,409,820
Cash from government grants	30,000	27,000
Cash from other grants	-	6,165
Interest and dividends received	62,029	36,056
Miscellaneous receipts	1,878	3,418
Operating receipts	7,640,342	5,334,355
Cash paid to and for the benefit of employees	3,772,807	3,218,658
Cash paid under revenue sharing agreement	816,143	523,952
Cash paid to vendors	1,268,090	1,140,531
Cash transferred to restricted cash	17,319	-
Grants paid	12,513	7,050
Operating disbursements	5,886,872	4,890,191
Net cash flows from operating activities	1,753,470	444,164
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	-	86,111
Purchase of investments	(500,000)	(120,139)
Purchase of property, equipment, and software	(207,389)	(16,028)
Net cash flows from investing activities	(707,389)	(50,056)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	1,046,081	394,108
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	815,876	421,768
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	\$ 1,861,957	\$ 815,876

(This statement is continued on the following page.)



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2015 and 2014

	<b>2015</b>	<b>(As restated) 2014</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 266,702	\$ 2,564,830
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt	21,774	4,399
Depreciation and amortization	45,672	32,062
Realized losses on investments	(2)	581
Unrealized gains on investments	28	(172,622)
Cash transferred to restricted cash	(17,319)	-
Increase (decrease) in cash due to changes in		
Due from National - cash	140,624	172,499
Due from National - pledges	411,128	(1,053,192)
Investments	(32,741)	-
Contributions receivable	835,759	(1,066,458)
Other receivables	(16,713)	(14,000)
Prepaid expenses and other assets	(3,107)	6,608
Accounts payable	(10,283)	38,645
Accrued expenses	111,948	(69,188)
Total adjustments	1,486,768	(2,120,666)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 1,753,470</b>	<b>\$ 444,164</b>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

	<b>Patient and Family Services</b>	<b>Public Awareness/ Education</b>	<b>Public Policy</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Support Services</b>	<b>Total</b>
Salaries and wages	\$ 1,269,962	\$ 820,524	\$ 181,287	\$ 2,271,773	\$ 203,072	\$ 625,439	\$ 828,511	\$ 3,100,284
Payroll taxes and other employee benefits	360,839	178,860	29,231	568,930	69,223	137,990	207,213	776,143
Accounting fees	8,760	8,760	-	17,520	2,190	2,190	4,380	21,900
Outside/contract labor	10,599	19,930	13,198	43,727	2,287	4,150	6,437	50,164
Office supplies	28,326	33,366	72	61,764	6,750	6,869	13,619	75,383
Telephone	50,318	48,968	266	99,552	11,899	12,330	24,229	123,781
Postage	8,492	7,194	1,661	17,347	593	1,665	2,258	19,605
Occupancy/utilities/insurance	174,940	174,940	-	349,880	43,573	44,868	88,441	438,321
Equipment rental and maintenance	13,076	13,076	-	26,152	3,269	3,269	6,538	32,690
Printing and publications/newsletter	5,413	82,255	-	87,668	1,353	1,353	2,706	90,374
Advertising/publicity/promotion	2,502	93,009	5,431	100,942	-	114	114	101,056
Books/library purchases	3,409	776	40	4,225	150	150	300	4,525
Conferences, conventions, and meetings	9,260	10,324	12,803	32,387	1,499	(2,479)	(980)	31,407
Staff development - dues and subscriptions	5,563	4,433	500	10,496	1,014	1,769	2,783	13,279
Travel	49,178	22,905	17,030	89,113	3,694	6,949	10,643	99,756
Grants - specific assistance to individuals	4,174	-	8,339	12,513	-	-	-	12,513
Interest/bank charges	21,104	21,104	-	42,208	5,276	5,276	10,552	52,760
Miscellaneous	91	185	1,232	1,508	22	30	52	1,560
Bad debt	-	-	-	-	21,774	-	21,774	21,774
Donated services, materials, and advertising	30,457	-	1,872	32,329	-	18,721	18,721	51,050
Depreciation and amortization	18,269	18,269	-	36,538	4,567	4,567	9,134	45,672
<b>TOTAL</b>	<b>\$ 2,074,732</b>	<b>\$ 1,558,878</b>	<b>\$ 272,962</b>	<b>\$ 3,906,572</b>	<b>\$ 382,205</b>	<b>\$ 875,220</b>	<b>\$ 1,257,425</b>	<b>\$ 5,163,997</b>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2014

	<b>Patient and Family Services</b>	<b>Public Awareness/ Education</b>	<b>Public Policy</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Support Services</b>	<b>Total</b>
Salaries and wages	\$ 1,098,842	\$ 659,101	\$ 133,553	\$ 1,891,496	\$ 187,680	\$ 491,539	\$ 679,219	\$ 2,570,715
Payroll taxes and other employee benefits	303,857	144,106	19,955	467,918	50,442	113,374	163,816	631,734
Accounting fees	8,760	8,760	-	17,520	2,190	2,190	4,380	21,900
Outside/contract labor	31,411	18,825	53,833	104,069	3,191	3,191	6,382	110,451
Office supplies	21,196	26,195	-	47,391	5,081	5,399	10,480	57,871
Telephone	48,253	46,002	89	94,344	11,225	11,545	22,770	117,114
Postage	8,998	8,309	356	17,663	379	1,625	2,004	19,667
Occupancy/utilities/insurance	174,727	174,492	-	349,219	43,473	44,672	88,145	437,364
Equipment rental and maintenance	15,398	15,398	-	30,796	3,850	3,850	7,700	38,496
Printing and publications/newsletter	4,623	75,241	386	80,250	958	958	1,916	82,166
Advertising/publicity/promotion	4,208	73,067	3,863	81,138	-	330	330	81,468
Books/library purchases	3,722	587	-	4,309	111	111	222	4,531
Conferences, conventions, and meetings	6,531	10,322	5,428	22,281	1,128	1,128	2,256	24,537
Staff development - dues and subscriptions	4,803	5,045	-	9,848	964	964	1,928	11,776
Travel	41,425	16,173	10,689	68,287	3,274	6,178	9,452	77,739
Grants - specific assistance to individuals	2,675	-	4,375	7,050	-	-	-	7,050
Interest/bank charges	14,136	14,136	-	28,272	3,534	3,534	7,068	35,340
Bad debt	-	-	-	-	4,399	-	4,399	4,399
Donated services, materials, and advertising	70,683	-	-	70,683	-	47,122	47,122	117,805
Depreciation and amortization	12,825	12,825	-	25,650	3,206	3,206	6,412	32,062
<b>TOTAL</b>	<b>\$ 1,877,073</b>	<b>\$ 1,308,584</b>	<b>\$ 232,527</b>	<b>\$ 3,418,184</b>	<b>\$ 325,085</b>	<b>\$ 740,916</b>	<b>\$ 1,066,001</b>	<b>\$ 4,484,185</b>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014

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**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Alzheimer's Disease and Related Disorders Association, Greater Illinois Chapter (Alzheimer's) is a separately incorporated nonprofit organization which is affiliated with Alzheimer's Disease and Related Disorders Association, Inc. (National). The geographic territory served by Alzheimer's has been authorized by National and includes 68 counties in Illinois with offices in Bloomington, Carbondale, Chicago, Rockford, Joliet, and Springfield. Alzheimer's provides family services, funds research projects and provides education to the general public in coping with problems of those afflicted with Alzheimer's disease and related disorders.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue at their fair values in the earlier of the period received or in which the unconditional promise is made. Bequests are recognized as revenue when the will clears probate and in the case of a trust in which the assets are held by a third party or fiscal agent, when Alzheimer's is notified of the agreement's expense. Conditional promises to give are recognized when they become unconditional; that is, when the conditions are substantially met. The receipt of donated assets, services requiring specialized skills, and materials are recorded at their estimated fair market value at time of donation.

When recognized, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and nature of any restrictions stipulated by the donor. When a donor imposed restriction has been satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

An allowance for uncollectible accounts is maintained to reflect management's estimate of contributions receivable which will become uncollectible in the future.

Expense Allocation

Costs are charged on a direct functional basis whenever practical. When direct charges cannot be determined, the costs are allocated on the basis of the estimated proportional use of the service provided or resource consumed.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

Cash and Cash Equivalents

For purposes of the statements of cash flows, Alzheimer's considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents - restricted are required to remain on deposit as collateral for a letter of credit.

Cash includes deposit accounts with financial institutions. Alzheimer's maintains deposits in bank accounts that may exceed federally insured limits. At June 30, 2015, the bank balance of the deposits in excess of federal deposit insurance was approximately \$324,200. Management believes that the risk related to this concentration is minimal.

Investment Valuation and Income Recognition

Alzheimer's investments are stated at fair value as determined by quoted market prices. Fair value is 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. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Property, Equipment, and Software

Purchased property, equipment, and software with a cost greater than \$500 are capitalized at cost. Donated items are capitalized upon receipt at their estimated fair value. Fixed assets are depreciated over their estimated useful lives using the straight-line method. Software is amortized over a three year period using the straight-line method. Leasehold improvements are amortized over the remainder of the lease using a straight-line method. Depreciation and amortization expense begin in the month the item is purchased or received as a donation.

Accounting 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

Income Taxes

Alzheimer's is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Prior to July 1, 2013, Alzheimer's activities were included with informational tax returns filed by National. Alzheimer's filed a separate return beginning with the fiscal year ended June 30, 2014.

Alzheimer's is not currently under audit nor has Alzheimer's been contacted by any jurisdiction. Based on the evaluation of Alzheimer's tax positions, management believes all tax positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2015 and 2014.

Fair Value Measurements

Under authoritative guidance issued by the Financial Accounting Standards Board (FASB), fair value is defined 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. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Management has various processes and controls in place to ensure that fair value is properly reflected in the financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

Fair Value Measurements (Continued)

Management assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with Alzheimer's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended June 30, 2015 and 2014, there were no such transfers.

Following is a description of the valuation methodologies consistently used for assets measured at fair value.

*Investments in mutual and money market funds:* Valued at the net asset value (NAV) of shares held by Alzheimer's at year end.

**2. CONTRIBUTIONS RECEIVABLE**

Contributions receivable from pledges and bequests at June 30 are as follows:

	2015	2014
Due within one year	\$ 362,470	\$ 1,196,018
Due from one to five years	18,290	20,400
Total	380,760	1,216,418
Less allowance for uncollectible accounts	(5,952)	(5,851)
<b>NET CONTRIBUTIONS RECEIVABLE</b>	<b>\$ 374,808</b>	<b>\$ 1,210,567</b>

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**3. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The investments are presented in the financial statements at fair value using fair value measures. The money market funds and all mutual funds are categorized as Level 1. At June 30, 2015 and 2014, investments consisted of the following:

	2015	2014
Mutual funds		
Money market funds	\$ 6,598	\$ 5,021
Large blend	858,284	644,967
International equity	344,129	262,458
Bonds - short-term	136,948	80,927
Bonds - intermediate-term	652,385	472,256
<b>TOTAL</b>	<b>\$ 1,998,344</b>	<b>\$ 1,465,629</b>

**4. RISKS AND UNCERTAINTIES**

Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term would be material to the amounts reported in the statement of activities.

**5. IN-KIND DONATIONS**

Alzheimer's received in-kind donations of certain public service announcements and materials for the annual Walks to End Alzheimer's and educational events. These items were allocated by management as follows for the years ended June 30:

	2015	2014
Public awareness educational communications	\$ 32,329	\$ 70,683
Fundraising	18,721	47,122
<b>TOTAL</b>	<b>\$ 51,050</b>	<b>\$ 117,805</b>



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
GREATER ILLINOIS CHAPTER**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**6. PROPERTY, EQUIPMENT AND SOFTWARE**

Property, equipment, and software consist of the following at June 30:

	2015	2014
Equipment	\$ 199,945	\$ 175,230
Furniture	231,531	135,664
Leasehold improvements	279,431	192,625
	<u>710,907</u>	<u>503,519</u>
Less accumulated depreciation and amortization	<u>(463,162)</u>	<u>(417,490)</u>
<b>TOTAL</b>	<u>\$ 247,745</u>	<u>\$ 86,029</u>

**7. OPERATING LEASES**

Alzheimer's has entered into various non-cancelable operating lease agreements for the rental of office facilities and office equipment which expire at various dates through January 2020. Rent expense related to these leases for the years ended June 30, 2015 and 2014 was \$325,697 and \$319,863, respectively. Future minimum annual rentals for leases executed as of June 30, 2015 are as follows:

Year Ending June 30,	
2016	\$ 335,873
2017	338,624
2018	290,386
2019	284,291
2020	249,789

In lieu of making a security deposit for the Chicago office space, Alzheimer's arranged for an unconditional irrevocable letter of credit to the lessor in the amount of \$56,000 to be updated yearly. In December 2014, the letter of credit was amended to \$73,319 to reflect the additional space leased by Alzheimer's in their Chicago location. The letter of credit was extended to July 2016. There were no draws on the letter of credit as of June 30, 2015.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
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NOTES TO FINANCIAL STATEMENTS (Continued)

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**8. RETIREMENT PLAN**

Alzheimer's sponsors a retirement plan under the provisions of Internal Revenue Code Section 401(k). This plan allows employees, through payroll deduction, to contribute a portion of their salary to the plan. The plan also allows matching and other employer contributions. The 401(k) plan matching expense was \$87,955 and \$80,792 for the years ended June 30, 2015 and 2014, respectively.

**9. LINE OF CREDIT**

Alzheimer's has a line of credit with a financial institution with a limit of \$350,000 and a maturity date of July 1, 2015 with interest payable monthly. The interest rate is variable and is based on the Prime Rate as published in The Wall Street Journal. The interest rate shall not be less than 4.5%. The line of credit is secured by all assets held by Alzheimer's. There were no borrowings or payments related to the line of credit during the 2015 or 2014 fiscal years. Subsequent to year end, the line of credit was renewed with a new maturity date of July 1, 2016. The terms remain substantially the same.

**10. FUNDRAISING AGREEMENT**

Alzheimer's has a revenue sharing agreement with National which applies to contributions received by each organization in the geographic territory described in Note 1. The agreement specifies how contributions received by either party will be shared with the other. The agreement shall continue indefinitely. The revenue sharing activity for the years ended June 30 is as follows:

	<u>2015</u>	<u>2014</u>
<u>Revenue Sharing Activity</u>		
Due from National - Beginning Balance	\$ 1,985,718	\$ 1,105,025
Payments received from National	(1,968,272)	(1,409,820)
Payments made to National	816,143	523,952
Shared contributions, net	598,150	1,773,165
Other	2,227	(6,604)
	<u>2,227</u>	<u>(6,604)</u>
<b>DUE FROM NATIONAL - ENDING BALANCE</b>	<u>\$ 1,433,966</u>	<u>\$ 1,985,718</u>

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
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NOTES TO FINANCIAL STATEMENTS (Continued)

**11. TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets as of June 30 are as follows:

	2015	2014
<u>Restricted as to Time</u>		
Contributions receivable	\$ 68,448	\$ 67,284
Due from National - Pledges	1,115,084	1,526,212
Walks to End Alzheimer's	461,657	304,668
<u>Restricted as to Purpose</u>		
Bloomington programs	-	229
Carbondale Library	818	818
Care Navigation	31,329	5,429
Chapter programs	61,283	482,484
Community Engagement	10,000	-
Savy Caregiver	-	19,340
<b>TOTAL</b>	<b>\$ 1,748,619</b>	<b>\$ 2,406,464</b>

**12. SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, nonrecognized subsequent events).

Alzheimer's has evaluated subsequent events through October 15, 2015, which was the date that these financial statements were available for issuance, and determined that there were no significant nonrecognized subsequent events through that date.

**13. RESTATEMENT**

During 2015, it was determined that Alzheimer's recorded certain bequest amounts received as contribution revenue when received rather than recording the contribution revenue when Alzheimer's was notified that the will had cleared probate or notified by the trustee or agent that an agreement exists. Accounting principles generally accepted in the United States of America require the contribution to be recorded at its fair value at the date of notification and when the amount is determinable. The 2014 financial statements have been restated as follows: a contribution receivable and contribution revenue of \$931,783 was recorded as of June 30, 2014. Net assets increased by \$931,783 as of June 30, 2014.