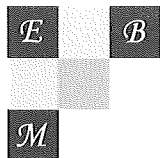


**ALZHEIMER'S DISEASE AND  
RELATED DISORDER ASSOCIATION, INC.  
MID SOUTH CHAPTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2010 AND 2009**

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.  
MID SOUTH CHAPTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2010 AND 2009**

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*Edmondson, Betzler & Montgomery, PLLC*  
(Certified Public Accountants)

**INDEPENDENT AUDITORS' REPORT**

To The Board of Directors  
Alzheimer's Disease and Related Disorder Association, Inc.  
Mid South Chapter

We have audited the accompanying statements of financial position of Alzheimer's Disease and Related Disorder Association, Inc., Mid South Chapter (the "Chapter") as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Chapter's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease and Related Disorder Association, Inc., Mid South Chapter as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Edmondson, Betzler & Montgomery, PLLC*

September 3, 2010

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2010 AND 2009**

	2010	2009
<b>ASSETS</b>		
Current assets:		
Cash	\$ 880,253	\$ 870,322
Grants and other receivables (note 3)	109,295	99,593
Inventory (note 4)	91,884	92,225
Prepaid expenses	<u>4,661</u>	<u>4,954</u>
Total current assets	<u>1,086,093</u>	<u>1,067,094</u>
Equipment, net (note 5)	<u>9,377</u>	<u>14,786</u>
Total assets	<u><u>\$ 1,095,470</u></u>	<u><u>\$ 1,081,880</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 106,923</u>	<u>\$ 97,686</u>
Total current liabilities	<u>106,923</u>	<u>97,686</u>
Net assets:		
Unrestricted net assets	926,901	897,291
Temporarily restricted net assets	<u>61,646</u>	<u>86,903</u>
Total net assets	<u>988,547</u>	<u>984,194</u>
Total liabilities and net assets	<u><u>\$ 1,095,470</u></u>	<u><u>\$ 1,081,880</u></u>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>2010</b>			<b>2009</b>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support						
Fundraising	\$ 1,178,510	\$ -	\$ 1,178,510	\$ 1,100,422	\$ -	\$ 1,100,422
Contributions and memorials	265,092	23,500	288,592	213,227	50,000	263,227
Corporate and workplace gifts	89,851	-	89,851	140,870	-	140,870
Total contributions received	<u>1,533,453</u>	<u>23,500</u>	<u>1,556,953</u>	<u>1,454,519</u>	<u>50,000</u>	<u>1,504,519</u>
Contributions received indirectly from the National Association	308,418	-	308,418	354,555	-	354,555
Less amounts remitted to the National Association under a shared fundraising agreement	<u>(624,172)</u>	<u>-</u>	<u>(624,172)</u>	<u>(560,025)</u>	<u>-</u>	<u>(560,025)</u>
Net contribution revenue	1,217,699	23,500	1,241,199	1,249,049	50,000	1,299,049
Donated services and materials (note 6)	221,147	-	221,147	167,417	-	167,417
Grants	136,557	-	136,557	81,018	-	81,018
Program income	40,627	-	40,627	73,097	-	73,097
Interest income	13,342	-	13,342	7,656	-	7,656
Book and tape sales	203	-	203	4,659	-	4,659
Miscellaneous	-	-	-	133	-	133
Net assets released from restrictions	<u>48,757</u>	<u>(48,757)</u>	<u>-</u>	<u>36,097</u>	<u>(36,097)</u>	<u>-</u>
Total revenues and other support	<u>1,678,332</u>	<u>(25,257)</u>	<u>1,653,075</u>	<u>1,619,126</u>	<u>13,903</u>	<u>1,633,029</u>
Expenses						
Program services	1,255,739	-	1,255,739	1,206,286	-	1,206,286
Management and general	124,150	-	124,150	65,142	-	65,142
Fundraising	<u>268,833</u>	<u>-</u>	<u>268,833</u>	<u>325,010</u>	<u>-</u>	<u>325,010</u>
Total expenses	<u>1,648,722</u>	<u>-</u>	<u>1,648,722</u>	<u>1,596,438</u>	<u>-</u>	<u>1,596,438</u>
CHANGE IN NET ASSETS	29,610	(25,257)	4,353	22,688	13,903	36,591
NET ASSETS, BEGINNING OF THE YEAR	<u>897,291</u>	<u>86,903</u>	<u>984,194</u>	<u>874,603</u>	<u>73,000</u>	<u>947,603</u>
NET ASSETS, END OF THE YEAR	<u>\$ 926,901</u>	<u>\$ 61,646</u>	<u>\$ 988,547</u>	<u>\$ 897,291</u>	<u>\$ 86,903</u>	<u>\$ 984,194</u>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2010</b>	<b>Total 2009</b>
Salaries and wages	\$ 583,530	\$ 73,864	\$ 81,251	\$ 738,645	\$ 773,859
Employee benefits	<u>118,422</u>	<u>14,990</u>	<u>16,489</u>	<u>149,901</u>	<u>129,998</u>
Total Salaries and Benefits	701,952	88,854	97,740	888,546	903,857
Advertising	117,293	30	112,424	229,747	85,370
Occupancy	109,142	10,041	11,045	130,228	135,338
Respite payments	89,646	-	-	89,646	46,342
Conferences and meetings	37,376	-	16,791	54,167	44,958
Travel	40,425	1,354	9,462	51,241	49,562
Supplies	42,864	858	4,034	47,756	85,873
Telephone	31,095	-	24	31,119	33,433
Printing and publications	16,935	2	8,662	25,599	61,178
Professional fees	19,225	1,095	2,215	22,535	21,224
Postage	17,572	6	489	18,067	17,917
Miscellaneous	12,732	364	3,455	16,551	16,874
Research	-	10,000	-	10,000	20,284
Bad debt	-	10,000	-	10,000	-
Insurance	6,908	823	945	8,676	16,620
Equipment maintenance	5,908	141	186	6,235	42,721
Depreciation	4,330	548	603	5,481	8,324
Volunteer and staff training	<u>2,336</u>	<u>34</u>	<u>758</u>	<u>3,128</u>	<u>6,563</u>
	<u>\$ 1,255,739</u>	<u>\$ 124,150</u>	<u>\$ 268,833</u>	<u>\$ 1,648,722</u>	<u>\$ 1,596,438</u>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from contributions received	\$ 1,246,343	\$ 1,335,859
Grants	134,661	90,282
Cash from program services	40,627	73,097
Interest received	13,342	7,656
Cash from book and tape sales	203	4,659
Miscellaneous	-	133
Cash paid to vendors	(686,533)	(602,179)
Cash paid to employees	(738,640)	(726,642)
	<u>10,003</u>	<u>182,865</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(72)	(835)
	<u>(72)</u>	<u>(835)</u>
Net cash used by investing activities		
<b>NET INCREASE IN CASH</b>	9,931	182,030
<b>CASH, BEGINNING OF YEAR</b>	<u>870,322</u>	<u>688,292</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 880,253</u></u>	<u><u>\$ 870,322</u></u>
 Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 4,353	\$ 36,591
Adjustments to reconcile increase in net cash provided by operating activities:		
Depreciation	5,481	8,324
(Increase) decrease in grants and other receivables	(9,702)	46,074
Decrease in inventory	341	3,637
Decrease in prepaid expenses	293	761
Increase in accounts payable and accrued expenses	9,237	87,478
	<u>10,003</u>	<u>182,865</u>
Net cash provided by operating activities	<u><u>\$ 10,003</u></u>	<u><u>\$ 182,865</u></u>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS**

The Alzheimer's Disease and Related Disorder Association, Inc., Mid South Chapter (the "Chapter") is a not-for-profit organization with offices in Nashville, Tullahoma, Chattanooga, Johnson City and Memphis, Tennessee and Huntsville, Alabama. The Chapter is an Affiliate of the Alzheimer's Disease and Related Disorders Association, Inc. The purpose of the Chapter is to further the causes of patients and their families through education, guidance and support of research.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Chapter have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities, in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Chapter is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donated Material and Services

Contributions of donated materials that are usable for program services, fund raising, support of management and general functions are recorded at their fair values in the period received.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents during the year may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Grants and Other Receivables

Grants and other receivables consist of the amounts described in note 3 and are considered by management to be collectible.



**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventory Valuation

Inventory is stated at the lower of cost or market, determined by the first-in, first-out method, or market. The major classes are books, tapes and office supplies.

Advertising

The Chapter's advertising is non-direct and the costs are expensed as incurred. The Chapter incurred \$229,747 and \$85,370 of advertising expense in 2010 and 2009, respectively.

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 reported amounts of assets, liabilities and changes therein and the disclosures of commitments and contingencies. Accordingly, actual results could differ from those estimates.

Income Taxes

The Chapter is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Events Occurring After Reporting Date

The Chapter has evaluated events and transactions that occurred between June 30, 2010 and September 3, 2010, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**NOTE 3 - GRANTS AND OTHER RECEIVABLES**

As of June 30, 2010 and 2009, grants and other receivables consisted of:

	2010	2009
Estate of Bascom Cooksey, Jr.	\$ 40,000	\$ 50,000
State of Tennessee	25,120	20,398
Others	<u>44,175</u>	<u>29,195</u>
Total grants and other receivables	<u>\$ 109,295</u>	<u>\$ 99,593</u>

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 4 - INVENTORY**

Inventory consists of the following:

	<b>2010</b>	<b>2009</b>
Books and videos	\$ 80,945	\$ 77,911
Office supplies	<u>10,939</u>	<u>14,314</u>
Total inventory	<u>\$ 91,884</u>	<u>\$ 92,225</u>

**NOTE 5 - EQUIPMENT**

Purchased equipment is recorded at cost and donated equipment is recorded at fair market value. The Chapter capitalizes all equipment over \$500. Depreciation is provided over the estimated useful lives of the assets ranging from three to five years and computed on a straight-line basis.

Equipment consists of the following:

	<b>2010</b>	<b>2009</b>
Equipment	\$ 142,049	\$ 141,990
Less: Accumulated depreciation	<u>(132,672)</u>	<u>(127,204)</u>
Equipment, net	<u>\$ 9,377</u>	<u>\$ 14,786</u>

Depreciation expense for the years ended June 30, 2010 and 2009 amounted to \$5,481 and \$8,324, respectively.

**NOTE 6 - DONATED SERVICES AND MATERIALS**

Donated services and materials ("in-kind" contributions) included in the statement of activities are as follows:

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2010</b>
Contributions in-kind:				
Advertising	\$ 80,754	\$ -	\$ 84,523	\$ 165,277
Occupancy	29,540	-	-	29,540
Supplies	5,400	-	12,880	18,280
Professional fees	4,300	-	-	4,300
Printing	-	-	2,750	2,750
Travel	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total contributions in-kind	<u>\$ 119,994</u>	<u>\$ -</u>	<u>\$ 101,153</u>	<u>\$ 221,147</u>

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

**NOTE 6 - DONATED SERVICES AND MATERIALS (CONTINUED)**

	Program Services	Management and General	Fundraising	Total 2009
Contributions in-kind:				
Advertising	\$ 49,850	\$ -	\$ 20,800	\$ 70,650
Occupancy	35,390	-	950	36,340
Supplies	7,370	-	46,382	53,752
Professional services	4,000	-	2,450	6,450
Printing	<u>-</u>	<u>-</u>	<u>225</u>	<u>225</u>
Total contributions in-kind	<u>\$ 96,610</u>	<u>\$ -</u>	<u>\$ 70,807</u>	<u>\$ 167,417</u>

**NOTE 7 - EMPLOYEE BENEFIT PROGRAM**

Effective July 1, 2003, the Chapter adopted a Savings Incentive Match Plan (SIMPLE) for eligible employees. Employees are eligible to participate in the Plan upon their date of hire. Contributions made by the participants are matched by the Chapter at a rate of 1.0 to 1.0; not to exceed 3% of the employees compensation. Effective October 1, 2005, the Chapter decreased the rate of the match to not exceed 1% of the employees compensation. If employees do not make elective deferrals to the Plan, the Chapter will not make a matching contribution. The Chapter incurred expenses of \$1,798 and \$2,120 related to this Plan in 2010 and 2009, respectively.

**NOTE 8 - LEASE COMMITMENTS**

The Chapter leases certain offices under operating leases that expire over various terms through 2012. Rent amounted to \$94,556 for the year ended June 30, 2010 and \$92,896 for 2009.

Future minimum rental payments required under all operating leases in effect at June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	
2011	\$ 61,298
2012	<u>20,709</u>
Total	<u>\$ 82,007</u>