

**ALZHEIMER'S DISEASE AND RELATED  
DISORDERS ASSOCIATION, INC.  
MID SOUTH CHAPTER**

**FINANCIAL STATEMENTS**

**June 30, 2016 and 2015**

**ALZHEIMER’S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.  
MID SOUTH CHAPTER**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Alzheimer's Disease and Related Disorders Association, Inc.  
Mid South Chapter  
Nashville, Tennessee

We have audited the accompanying financial statements of Alzheimer's Disease and Related Disorders Association, Inc. - Mid South Chapter (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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, Inc. - Mid South Chapter as of June 30, 2016 and 2015, 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.

*Frost, Dew & Hard, PLLC*

Nashville, Tennessee

September 19, 2016

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,004,055	\$ 706,649
Certificates of deposit	-	214,048
Investments	296,427	298,300
Grants and other receivables	38,895	183,394
Due from National Organization	193,206	110,713
Prepaid expenses	16,325	-
Total current assets	<u>1,548,908</u>	<u>1,513,104</u>
Property and equipment, net	<u>4,272</u>	<u>7,931</u>
Total assets	<u><u>\$ 1,553,180</u></u>	<u><u>\$ 1,521,035</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 106,344	\$ 44,192
Due to National Organization	113,969	140,265
Total current liabilities	<u>220,313</u>	<u>184,457</u>
Net assets:		
Unrestricted	1,059,209	1,062,377
Temporarily restricted	273,658	274,201
Total net assets	<u>1,332,867</u>	<u>1,336,578</u>
Total liabilities and net assets	<u><u>\$ 1,553,180</u></u>	<u><u>\$ 1,521,035</u></u>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Contributions and memorials	\$ 2,317,956	\$ -	\$ 2,317,956
Fundraising and special events	90,407	-	90,407
Corporate and workplace gifts	68,555	-	68,555
Bequests	42,206	5,000	47,206
	<hr/>	<hr/>	<hr/>
Total contributions	2,519,124	5,000	2,524,124
Transfers from the National Organization	572,282	-	572,282
Less transfers to the National Organization	(1,017,624)	-	(1,017,624)
	<hr/>	<hr/>	<hr/>
Net contribution revenue	2,073,782	5,000	2,078,782
Program income	39,677	-	39,677
Miscellaneous	29,895	-	29,895
Donated materials and services	11,831	-	11,831
Grants	1,475	10,000	11,475
Interest income	4,778	-	4,778
Realized and unrealized loss on investments	(20,184)	-	(20,184)
Net assets released from restrictions	15,543	(15,543)	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	2,156,797	(543)	2,156,254
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services	1,667,088	-	1,667,088
Fundraising	389,067	-	389,067
Management and general	103,810	-	103,810
	<hr/>	<hr/>	<hr/>
Total expenses	2,159,965	-	2,159,965
	<hr/>	<hr/>	<hr/>
Change in net assets	(3,168)	(543)	(3,711)
Net assets, beginning of year	1,062,377	274,201	1,336,578
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 1,059,209</u>	<u>\$ 273,658</u>	<u>\$ 1,332,867</u>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Contributions and memorials	\$ 1,752,560	\$ -	\$ 1,752,560
Bequests	109,412	-	109,412
Corporate and workplace gifts	90,583	-	90,583
Fundraising and special events	67,190	-	67,190
	<hr/>	<hr/>	<hr/>
Total contributions	2,019,745	-	2,019,745
Transfers from the National Organization	514,920	-	514,920
Less transfers to the National Organization	(808,145)	-	(808,145)
	<hr/>	<hr/>	<hr/>
Net contribution revenue	1,726,520	-	1,726,520
Grants	67,470	3,765	71,235
Program income	31,331	-	31,331
Donated materials and services	28,613	-	28,613
Interest income	2,433	-	2,433
Miscellaneous	1,693	-	1,693
Realized and unrealized gain on investments	5,573	-	5,573
Net assets released from restrictions	13,568	(13,568)	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	1,877,201	(9,803)	1,867,398
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services	1,335,281	-	1,335,281
Fundraising	327,500	-	327,500
Management and general	84,070	-	84,070
	<hr/>	<hr/>	<hr/>
Total expenses	1,746,851	-	1,746,851
	<hr/>	<hr/>	<hr/>
Change in net assets	130,350	(9,803)	120,547
Net assets, beginning of year	932,027	284,004	1,216,031
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 1,062,377</u>	<u>\$ 274,201</u>	<u>\$ 1,336,578</u>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2016**

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 807,844	\$ 212,590	\$ 42,518	\$ 1,062,952
Employee benefits	129,988	34,207	6,842	171,037
Total salaries and benefits	937,832	246,797	49,360	1,233,989
Advertising	157,337	38,180	8,147	203,664
Conferences and meetings	109,897	21,438	2,686	134,021
Staff travel	91,043	16,339	9,337	116,719
Occupancy	86,673	19,748	3,291	109,712
Professional fees	63,042	4,203	16,811	84,056
Supplies	39,356	10,261	2,068	51,685
Nonstaff travel	37,889	8,743	1,943	48,575
Telephone	34,838	7,938	1,323	44,099
Printing and publications	22,046	3,674	526	26,246
Assessments and grants	24,008	-	-	24,008
Miscellaneous	12,850	725	4,525	18,100
Postage	10,131	2,368	658	13,157
Insurance	10,246	1,970	920	13,136
Publications and subscriptions	9,625	1,019	679	11,323
Staff development	6,991	1,564	645	9,200
Other occupancy related costs	7,007	1,527	449	8,983
Volunteer and staff training	3,706	787	140	4,633
Depreciation	2,071	1,286	302	3,659
Bad debt	500	500	-	1,000
	<u>\$ 1,667,088</u>	<u>\$ 389,067</u>	<u>\$ 103,810</u>	<u>\$ 2,159,965</u>

See accompanying notes to financial statements.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2015**

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 657,616	\$ 175,653	\$ 32,016	\$ 865,285
Employee benefits	107,861	28,811	5,251	141,923
 Total salaries and benefits	 765,477	 204,464	 37,267	 1,007,208
Advertising	108,182	25,600	5,603	139,385
Occupancy	87,767	19,979	3,249	110,995
Conferences and meetings	72,062	14,264	1,745	88,071
Staff travel	67,812	13,562	6,408	87,782
Professional fees	42,760	3,525	19,500	65,785
Supplies	34,105	9,189	1,492	44,786
Telephone	34,875	8,273	1,335	44,483
Nonstaff travel	29,090	6,981	1,318	37,389
Assessments and grants	19,900	-	-	19,900
Insurance	14,159	2,843	1,280	18,282
Printing and publications	13,730	2,288	327	16,345
Other occupancy related costs	9,789	2,228	363	12,380
Postage	9,058	2,117	589	11,764
Bad debt	1,250	8,300	-	9,550
Miscellaneous	6,507	418	2,315	9,240
Publications and subscriptions	7,516	854	473	8,843
Staff development	5,724	1,315	528	7,567
Depreciation	3,377	846	220	4,443
Volunteer and staff training	2,141	454	58	2,653
	<u>\$ 1,335,281</u>	<u>\$ 327,500</u>	<u>\$ 84,070</u>	<u>\$ 1,746,851</u>

See accompanying notes to financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,711)	\$ 120,547
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,659	4,443
Unrealized loss (gain) on investments	20,184	(5,573)
Decrease (increase) in grants and other receivables	144,499	(10,165)
Increase in due from National Organization	(82,493)	(11,697)
(Increase) decrease in prepaid expenses	(16,325)	4,591
Increase (decrease) in accounts payable and accrued expenses	62,152	(4,812)
(Decrease) increase in due to National Organization	<u>(26,296)</u>	<u>59,015</u>
Net cash provided by operating activities	<u>101,669</u>	<u>156,349</u>
Cash flows from investing activities:		
Redemption of certificates of deposit, net	214,048	(1,675)
Purchase of investments	<u>(18,311)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>195,737</u>	<u>(1,675)</u>
Net increase in cash and cash equivalents	297,406	154,674
Cash and cash equivalents, beginning of year	<u>706,649</u>	<u>551,975</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,004,055</u></u>	<u><u>\$ 706,649</u></u>

See accompanying notes to financial statements.

**ALZHEIMER’S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**General**

The Alzheimer’s Disease and Related Disorders Association, Inc. - Mid South Chapter (the “Chapter”) is a nonprofit 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 “National Organization”). The mission of the Chapter is to eliminate Alzheimer’s disease through the advancement of research, to provide and enhance care and support for all affected, and to reduce the risk of dementia through the promotion of brain health. The Chapter is supported primarily through donor contributions in Tennessee and Northern Alabama.

**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. Actual results could differ from those estimates.

**Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting prescribed for nonprofit organizations. Under these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted net assets** – net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Chapter and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Permanently restricted net assets** – net assets subject to donor-imposed stipulations that they be maintained permanently by the Chapter. Generally, donors of these assets permit the Chapter to use all or part of the income earned for unrestricted or restricted purposes. The Chapter does not have any permanently restricted net assets recorded at June 30, 2016 and 2015.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

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

**Donated Materials and Services**

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

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Chapter considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Certificates of Deposit**

Certificates of deposit are reported at cost, which approximates market value at June 30, 2015.

**Investments**

Investments are stated at fair market value. Unrealized gains and losses, as well as appreciation or depreciation in market value are reflected in the accompanying financial statements.

**Fair Value**

The Chapter has established a process for determining fair values. Fair values are based upon quoted market prices, where available. If listed prices or quotes are not available, fair values are based upon market-based or independently-sourced market data. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Chapter believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Accounting principles generally accepted in the United States of America have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are described below:

*Level 1*     inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

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

**Fair Value (Continued)**

*Level 2* inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**Grants and Other Receivables**

Grants and other receivables consist of the amounts noted in Note 2 and are considered by management to be fully collectible. Accordingly, an allowance has not been recorded at June 30, 2016 and 2015.

**Property and Equipment**

Purchases of property and equipment are recorded at cost and donated items are recorded at fair market value. The Chapter capitalizes all property and equipment with a cost or fair market value of \$500 or more. Depreciation is provided over the estimated useful lives of assets ranging from three to ten years and computed on a straight-line basis.

**Contributions and Other Support**

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

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

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

**Contributions and Other Support (Continued)**

For the years ended June 30, 2016 and 2015, the Chapter has recognized \$1,852,208 and \$1,581,560, respectively, from their Walk to End Alzheimer's which has been included in contributions and memorials in the accompanying statements of activities.

**Federal Income Taxes**

No provision for federal income taxes is made in the accompanying financial statements, as the Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Chapter follows Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Chapter has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2014 through June 30, 2016.

**Advertising**

The Chapter's advertising is non-direct and the costs are expensed as incurred. The Chapter incurred \$203,664 and \$139,385 of advertising expense during the years ended June 30, 2016 and 2015, respectively.

**Subsequent Events**

The Chapter evaluated subsequent events through September 19, 2016, when these financial statements were available to be issued. Other than the event described in Note 11, management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying financial statements.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 2 – GRANTS AND OTHER RECEIVABLES**

Grants and other receivables consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Due from National Organization	\$ 1,328	\$ 83,635
Contributions	<u>37,567</u>	<u>99,759</u>
	<u>\$ 38,895</u>	<u>\$ 183,394</u>

**NOTE 3 – INVESTMENTS**

Investments are stated at fair value determined based on active markets (Level 1), and consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Mutual funds	\$ 291,574	\$ 292,600
Common stock	4,518	4,444
Money market	<u>335</u>	<u>1,256</u>
	<u>\$ 296,427</u>	<u>\$ 298,300</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 28,727	\$ 28,727
Office equipment	48,280	48,280
Software	7,602	7,602
Vehicle	<u>15,391</u>	<u>15,391</u>
	100,000	100,000
Less accumulated depreciation	<u>(95,728)</u>	<u>(92,069)</u>
	<u>\$ 4,272</u>	<u>\$ 7,931</u>

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

The Chapter receives contributions for expenses associated with specific programs of the mission of the Chapter. These contributions are classified as temporarily restricted net assets until the restricted purpose has been fulfilled. The following represents a summary of the activity for the year ended June 30:

Purpose	Balance at July 1, 2015	Contributions received from July 1, 2015 to June 30, 2016	Expended and/or released by specific purpose being fulfilled	Balance at June 30, 2016
Cleveland, Tennessee Chapter	\$ 253,080	\$ -	\$ 3,110	\$ 249,970
Community Caregiver Awareness and Education Project	10,918	-	10,918	-
Respite	5,785	7,500	1,515	11,770
Memphis programs	3,765	-	-	3,765
Florence programs	-	5,000	-	5,000
Education grant	653	-	-	653
Elizabethton grant	-	2,450	-	2,450
Research due National Organization	-	50	-	50
	<u>\$ 274,201</u>	<u>\$ 15,000</u>	<u>\$ 15,543</u>	<u>\$ 273,658</u>

Purpose	Balance at July 1, 2014	Contributions received from July 1, 2014 to June 30, 2015	Expended and/or released by specific purpose being fulfilled	Balance at June 30, 2015
Cleveland, Tennessee Chapter	\$ 254,291	\$ -	\$ 1,211	\$ 253,080
Community Caregiver Awareness and Education Project	10,918	-	-	10,918
Respite	13,645	-	7,860	5,785
Memphis programs	-	3,765	-	3,765
Education grant	5,000	-	4,347	653
Research due National Organization	150	-	150	-
	<u>\$ 284,004</u>	<u>\$ 3,765</u>	<u>\$ 13,568</u>	<u>\$ 274,201</u>



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 6 – DONATED MATERIALS AND SERVICES**

Donated materials and services in the statement of activities for the year ended June 30, 2016 included the following:

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 8,445	\$ 412	\$ 1,442	\$ 10,299
Supplies	1,046	51	179	1,276
Conferences and meetings	<u>210</u>	<u>10</u>	<u>36</u>	<u>256</u>
	<u>\$ 9,701</u>	<u>\$ 473</u>	<u>\$ 1,657</u>	<u>\$ 11,831</u>

Donated materials and services in the statement of activities for the year ended June 30, 2015 included the following:

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 15,150	\$ 738	\$ 2,587	\$ 18,475
Conferences and meetings	6,601	322	1,127	8,050
Supplies	<u>1,712</u>	<u>84</u>	<u>292</u>	<u>2,088</u>
	<u>\$ 23,463</u>	<u>\$ 1,144</u>	<u>\$ 4,006</u>	<u>\$ 28,613</u>

**NOTE 7 – EMPLOYEE BENEFIT PROGRAM**

Effective January 1, 2013, the Chapter adopted a 401(k) Savings Plan (the "Plan"). Employees are eligible to participate in the Plan upon their date of hire and are eligible to receive matching contributions from the Chapter after one year of service. Eligible participant contributions are matched by the Chapter equal to a uniform percentage of the participant's salary deferrals. The Chapter incurred expenses related to the Plan in the amount of \$15,150 and \$9,154 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 8 – LEASE COMMITMENTS**

The Chapter leases various office space under noncancellable operating leases. Rent expense amounted to \$93,453 and \$97,220 for the years ended June 30, 2016 and 2015, respectively. Future minimum rental payments required under all operating leases in effect at June 30, 2016 are as follows:

**ALZHEIMER’S DISEASE AND RELATED DISORDERS ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 8 – LEASE COMMITMENTS (Continued)**

Year ending June 30:	
2017	\$ 105,682
2018	66,308
2019	63,168
2020	30,490
2021	-
Thereafter	-
	<u>\$ 265,648</u>

**NOTE 9 – SHARED FUNDRAISING**

As stated in Note 1, the Chapter is affiliated with the National Organization. A formal Statement of Relationship outlines the rights and responsibilities of the National Organization and the Chapter. These responsibilities include that the Chapter comply with policies. These policies include Shared Fundraising (“SFR”), which unifies and coordinates fundraising efforts within the Chapter’s territory.

SFR requires that the National Organization, the Chapter and a Mission Fund, to be used for the benefit of the whole National Organization, share unrestricted contributed revenue raised in the territory. For the years ended June 30, 2016 and 2015 revenue was split as follows: Chapter 60%, National Organization 30%, and the Mission Fund 10%.

As of June 30, 2016 and 2015, the net amounts due from (to) the National Organization through SFR amounted to \$79,237 and \$(29,552), respectively. Subsequent to June 30, 2016, the Chapter received \$98,857 from the National Organization.

**NOTE 10 – CONCENTRATION OF CREDIT RISK**

Cash balances are maintained in excess of Federal Deposit Insurance Corporation insured amounts. The Chapter has not experienced any losses in such accounts. In management’s opinion, risk related to such concentration is minimal based upon the credit rating of its depositories.

**NOTE 11 – SUBSEQUENT EVENT**

Effective July 1, 2016, the Chapter merged their operations with the Alzheimer’s Disease and Related Disorders Association, Inc. D/B/A Alzheimer’s Association (“National Organization”), being the surviving entity. The goal of the merger is to promote awareness of the Alzheimer’s Association full mission and advocacy, care and support, and research goals while building relationships with community members at multiple levels.