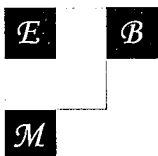


**ALZHEIMER'S DISEASE AND  
RELATED DISORDER ASSOCIATION, INC.  
MID SOUTH CHAPTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2009 AND 2008**

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.  
MID SOUTH CHAPTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2009 AND 2008**

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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, 2009 and 2008, 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, 2009 and 2008, 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*

September 9, 2009

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2009 AND 2008**

	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash	\$ 870,322	\$ 688,292
Grants and other receivables (note 3)	99,593	145,667
Inventory (note 4)	92,225	95,862
Prepaid expenses	<u>4,954</u>	<u>5,715</u>
Total current assets	<u>1,067,094</u>	<u>935,536</u>
Equipment, net (note 5)	<u>14,786</u>	<u>22,275</u>
Total assets	<u><u>\$ 1,081,880</u></u>	<u><u>\$ 957,811</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 97,686</u>	<u>\$ 10,208</u>
Total current liabilities	<u>97,686</u>	<u>10,208</u>
Net assets:		
Unrestricted net assets	897,291	874,603
Temporarily restricted net assets	<u>86,903</u>	<u>73,000</u>
Total net assets	<u>984,194</u>	<u>947,603</u>
Total liabilities and net assets	<u><u>\$ 1,081,880</u></u>	<u><u>\$ 957,811</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, 2009 AND 2008**

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Fundraising	\$ 1,100,422	\$ -	\$ 1,100,422	\$ 900,467	\$ -	\$ 900,467
Contributions and memorials	213,227	50,000	263,227	209,536	-	209,536
Corporate gifts	48,787	-	48,787	49,076	-	49,076
United Way	47,455	-	47,455	48,746	-	48,746
Combined federal campaign	44,628	-	44,628	46,286	-	46,286
Total contributions received	1,454,519	50,000	1,504,519	1,254,111	-	1,254,111
Contributions received indirectly from the National Association	354,555	-	354,555	392,432	-	392,432
Less amounts remitted to the National Association under a shared fundraising agreement	(560,025)	-	(560,025)	(536,181)	-	(536,181)
Net contribution revenue	1,249,049	50,000	1,299,049	1,110,362	-	1,110,362
Donated services and materials (note 6)	167,417	-	167,417	225,589	-	225,589
Grants	81,018	-	81,018	81,860	26,341	108,201
Program income	73,097	-	73,097	22,009	-	22,009
Interest income	7,656	-	7,656	8,844	-	8,844
Book and tape sales	4,659	-	4,659	296	-	296
Miscellaneous	133	-	133	534	-	534
Net assets released from restrictions	36,097	(36,097)	-	27,376	(27,376)	-
Total revenues and other support	1,619,126	13,903	1,633,029	1,476,870	(1,035)	1,475,835
Expenses						
Program services	1,206,286	-	1,206,286	1,026,297	-	1,026,297
Management and general	65,142	-	65,142	65,613	-	65,613
Fundraising	325,010	-	325,010	323,833	-	323,833
Total expenses	1,596,438	-	1,596,438	1,415,743	-	1,415,743
CHANGE IN NET ASSETS	22,688	13,903	36,591	61,127	(1,035)	60,092
EQUITY TRANSFER (note 9)	-	-	-	221,782	58,295	280,077
NET ASSETS, BEGINNING OF THE YEAR	874,603	73,000	947,603	591,694	15,740	607,434
NET ASSETS, END OF THE YEAR	\$ 897,291	\$ 86,903	\$ 984,194	\$ 874,603	\$ 73,000	\$ 947,603

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, 2009 AND 2008**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2009</b>	<b>Total 2008</b>
Salaries and wages	\$ 595,871	\$ 46,432	\$ 131,556	\$ 773,859	\$ 606,895
Employee benefits	100,098	7,800	22,100	129,998	99,135
<b>Total Salaries and Benefits</b>	<b>695,969</b>	<b>54,232</b>	<b>153,656</b>	<b>903,857</b>	<b>706,030</b>
Occupancy	111,632	5,936	17,770	135,338	128,306
Supplies	27,364	569	57,940	85,873	54,531
Advertising	62,730	6	22,634	85,370	169,739
Printing and publications	38,549	96	22,533	61,178	60,402
Travel	39,864	1,047	8,651	49,562	49,964
Respite payments	46,342	-	-	46,342	41,769
Conferences and meetings	28,646	75	16,237	44,958	27,948
Equipment maintenance	34,042	620	8,059	42,721	26,565
Telephone	33,433	-	-	33,433	28,777
Professional fees	14,381	726	6,117	21,224	24,273
Research	20,284	-	-	20,284	-
Postage	16,538	56	1,323	17,917	42,969
Miscellaneous	13,445	194	3,235	16,874	15,908
Insurance	12,797	997	2,826	16,620	19,802
Depreciation	6,409	499	1,416	8,324	6,767
Volunteer and staff training	3,861	89	2,613	6,563	11,993
	<u><u>\$ 1,206,286</u></u>	<u><u>\$ 65,142</u></u>	<u><u>\$ 325,010</u></u>	<u><u>\$ 1,596,438</u></u>	<u><u>\$ 1,415,743</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 CASH FLOWS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from contributions	\$ 1,287,072	\$ 1,198,848
Grants	90,282	129,557
Cash from program services	73,097	22,009
Corporate gifts	48,787	49,076
Interest received	7,656	8,845
Cash from book and tape sales	4,659	297
Miscellaneous	133	534
Cash paid to vendors	(602,179)	(729,574)
Cash paid to employees	(726,642)	(606,895)
	<u>182,865</u>	<u>72,697</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(835)	(8,374)
Equity transfer	-	273,774
	<u>(835)</u>	<u>265,400</u>
Net cash provided (used) by investing activities		
<b>NET INCREASE IN CASH</b>	182,030	338,097
<b>CASH, BEGINNING OF YEAR</b>	<u>688,292</u>	<u>350,195</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 870,322</u></u>	<u><u>\$ 688,292</u></u>
 Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 36,591	\$ 60,092
Adjustments to reconcile increase in net cash provided by operating activities:		
Depreciation	8,324	6,767
Decrease in grants and other receivables	46,074	15,168
(Increase) decrease in inventory	3,637	(17,345)
Decrease in prepaid expenses	761	3,839
Increase in accounts payable and accrued expenses	87,478	4,176
	<u>182,865</u>	<u>72,697</u>
Net cash provided by operating activities	<u><u>\$ 182,865</u></u>	<u><u>\$ 72,697</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, 2009 AND 2008**

**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, 2009 AND 2008**

**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 \$85,370 and \$169,739 of advertising expense in 2009 and 2008, 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.

**NOTE 3 - GRANTS AND OTHER RECEIVABLES**

As of June 30, 2009 and 2008, grants and other receivables consisted of:

	<b>2009</b>	<b>2008</b>
Estate of Bascom Cooksey, Jr.	\$ 50,000	\$ 100,000
Others	22,939	9,687
State of Tennessee	20,398	19,792
Aging commissions of the Mid-South	<u>6,256</u>	<u>16,188</u>
Total grants and other receivables	<u>\$ 99,593</u>	<u>\$ 145,667</u>

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

**NOTE 4 - INVENTORY**

Inventory consists of the following:

	2009	2008
Books and videos	\$ 77,911	\$ 81,572
Office supplies	<u>14,314</u>	<u>14,290</u>
Total inventory	<u>\$ 92,225</u>	<u>\$ 95,862</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:

	2009	2008
Equipment	\$ 141,990	\$ 141,154
Less: Accumulated depreciation	<u>(127,204)</u>	<u>(118,879)</u>
Equipment, net	<u>\$ 14,786</u>	<u>\$ 22,275</u>

Depreciation expense for the years ended June 30, 2009 and 2008 amounted to \$8,324 and \$6,767, respectively.

**NOTE 6 - DONATED SERVICES AND MATERIALS**

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

	Program Services	Management and General	Fundraising	Total 2009
Contributions in-kind:				
Advertising	\$ 49,850	\$ -	\$ 20,800	\$ 70,650
Supplies	7,370	-	46,382	53,752
Occupancy	35,390	-	950	36,340
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>

**ALZHEIMER'S DISEASE AND RELATED DISORDER ASSOCIATION, INC.**  
**MID SOUTH CHAPTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

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

	Program Services	Management and General	Fundraising	Total 2008
Contributions in-kind:				
Advertising	\$ 81,712	\$ -	\$ 49,558	\$ 131,270
Occupancy	47,940	-	-	47,940
Supplies	3,797	-	25,707	29,504
Professional services	1,500	1,000	7,000	9,500
Education	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Total contributions in-kind	<u>\$ 142,324</u>	<u>\$ 1,000</u>	<u>\$ 82,265</u>	<u>\$ 225,589</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 \$2,120 and \$2,211 related to this Plan in 2009 and 2008, respectively.

**NOTE 8 - LEASE COMMITMENTS**

The Chapter leases certain offices under operating leases that expire over various terms through 2012. Rent amounted to \$92,896 for the year ended June 30, 2009 and \$72,338 for 2008.

Future minimum rental payments required under all operating leases in effect at June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	
2010	\$ 74,681
2011	49,298
2012	<u>20,709</u>
Total	<u>\$ 144,688</u>

**NOTE 9 - EQUITY TRANSFER**

Effective January 1, 2008, the Northeast/Southeast Tennessee Chapter was merged into the Mid South Chapter. The net assets of Northeast/Southeast Tennessee Chapter were \$280,077 as of January 1, 2008. These assets were transferred to Mid South Chapter as of January 1, 2008.