

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

Financial Statements

June 30, 2009 and 2008

(With Independent Auditors' Report Thereon)



6815 Weaver Road, Suite 100 • Rockford, Illinois 61114-8018

Members of American Institute of
Certified Public Accountants

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Alzheimer's Disease and Related Disorders Association, Greater Illinois Chapter (Alzheimer's) as of June 30, 2009 and 2008, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Alzheimer'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 Disorders Association, Greater Illinois Chapter as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Sikich LLP'.

Rockford, Illinois
September 22, 2009

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

Statements of Financial Position

June 30, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 345,627	825,098
Contributions receivable, net	310,720	337,159
Due from National:		
Cash	157,207	295,162
Pledges	285,857	188,975
Grants receivable	121,066	19,995
Other receivable	7,451	1,440
Prepaid expenses and other assets	<u>43,196</u>	<u>98,481</u>
Total current assets	1,271,124	1,766,310
Cash and cash equivalents – restricted	224,000	280,000
Contributions receivable, net	–	17,985
Grants receivable	56,473	–
Investments	608,149	940,357
Property, equipment and software, net	<u>298,771</u>	<u>338,472</u>
	<u>\$ 2,458,517</u>	<u>3,343,124</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	65,262	27,319
Accrued expenses	245,857	238,902
Capital lease obligation	<u>55,036</u>	<u>52,061</u>
Total current liabilities	366,155	318,282
Non-current liabilities –		
Capital lease obligation	<u>23,851</u>	<u>78,886</u>
Total liabilities	<u>390,006</u>	<u>397,168</u>
Net assets:		
Unrestricted – undesignated	926,262	1,435,843
Temporarily restricted	<u>1,142,249</u>	<u>1,510,113</u>
Total net assets	<u>2,068,511</u>	<u>2,945,956</u>
	<u>\$ 2,458,517</u>	<u>3,343,124</u>

See accompanying notes.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,
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Statements of Activities

For the Years Ended June 30, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
Revenues:						
Contributions and grants :						
Memorials and tributes	\$ 214,948	3,450	218,398	251,130	-	251,130
Corporations	136,104	38,390	174,494	199,013	44,077	243,090
Individuals	91,414	78,322	169,736	221,745	35,524	257,269
Bequests	469,696	1,100	470,796	194,844	-	194,844
Foundations	25,356	368,470	393,826	3,000	109,000	112,000
Donated services and materials	99,981	-	99,981	105,636	-	105,636
Shared contributions, net	(34,689)	96,882	62,193	377,718	1,995	379,713
Government grants	-	-	-	9,420	975,434	984,854
Other grants	7,500	-	7,500	-	-	-
Total contributions and grants	<u>1,010,310</u>	<u>586,614</u>	<u>1,596,924</u>	<u>1,362,506</u>	<u>1,166,030</u>	<u>2,528,536</u>
Program services – education workshops	205,880	-	205,880	150,542	-	150,542
Interest and dividend income	31,878	-	31,878	78,058	-	78,058
Realized gains (losses) on investments	(152,210)	-	(152,210)	71,530	-	71,530
Unrealized losses on investments	(82,553)	-	(82,553)	(197,585)	-	(197,585)
Special events – gross receipts	1,995,520	265,983	2,261,503	1,875,490	235,441	2,110,931
Less special event expenses	(286,181)	-	(286,181)	(250,004)	-	(250,004)
Sales of books and materials	2,435	-	2,435	3,719	-	3,719
Miscellaneous	8,765	-	8,765	16,183	-	16,183
Total revenues	<u>2,733,844</u>	<u>852,597</u>	<u>3,586,441</u>	<u>3,110,439</u>	<u>1,401,471</u>	<u>4,511,910</u>
Net assets released from restrictions	<u>1,220,461</u>	<u>(1,220,461)</u>	<u>-</u>	<u>586,769</u>	<u>(586,769)</u>	<u>-</u>
Total revenues and net assets released from restrictions	<u>3,954,305</u>	<u>(367,864)</u>	<u>3,586,441</u>	<u>3,697,208</u>	<u>814,702</u>	<u>4,511,910</u>
Expenses:						
Program services:						
Patient and family services	1,423,083	-	1,423,083	1,124,715	-	1,124,715
Public awareness and education	1,904,229	-	1,904,229	1,843,094	-	1,843,094
Public policy	58,356	-	58,356	208,306	-	208,306
Total program services	<u>3,385,668</u>	<u>-</u>	<u>3,385,668</u>	<u>3,176,115</u>	<u>-</u>	<u>3,176,115</u>
Support services:						
Management and general	402,164	-	402,164	389,828	-	389,828
Fundraising	676,054	-	676,054	478,996	-	478,996
Total support services	<u>1,078,218</u>	<u>-</u>	<u>1,078,218</u>	<u>868,824</u>	<u>-</u>	<u>868,824</u>
Total expenses	<u>4,463,886</u>	<u>-</u>	<u>4,463,886</u>	<u>4,044,939</u>	<u>-</u>	<u>4,044,939</u>
Increase (decrease) in net assets	(509,581)	(367,864)	(877,445)	(347,731)	814,702	466,971
Net assets at beginning of year	<u>1,435,843</u>	<u>1,510,113</u>	<u>2,945,956</u>	<u>1,783,574</u>	<u>695,411</u>	<u>2,478,985</u>
Net assets at end of year	<u>\$ 926,262</u>	<u>1,142,249</u>	<u>2,068,511</u>	<u>1,435,843</u>	<u>1,510,113</u>	<u>2,945,956</u>

See accompanying notes.

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

Statements of Cash Flows

For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash from contributions and special fundraising events \$	3,269,577	2,832,794
Cash from program services – education workshops	208,315	154,261
Cash received under revenue sharing agreement	303,266	651,705
Government grants	10,000	984,854
Cash from other grants	7,500	–
Interest and dividends received	31,878	78,059
Miscellaneous receipts	8,765	16,483
Operating receipts	3,839,301	4,718,156
Cash paid to and for the benefit of employees	3,064,787	2,723,161
Cash paid under revenue sharing agreement	200,000	297,630
Cash paid to vendors	1,010,405	1,036,270
Grants paid	78,284	31,893
Operating disbursements	4,353,476	4,088,954
Net cash flows provided by (used in) operating activities	(514,175)	629,202
Cash flows from investing activities:		
Sale of investments	1,126,410	789,970
Purchase of investments	(1,024,925)	(821,259)
Receipt of lease build out allowance	–	430,802
Purchase of property, equipment and software	(70,720)	(615,570)
Net cash flows provided by (used in) investing activities	30,765	(216,057)
Cash flows from financing activities:		
Principal payments on capital lease obligation	(52,061)	(29,059)
Net increase (decrease) in cash and cash equivalents	(535,471)	384,086
Cash and cash equivalents – beginning of year	1,105,098	721,012
Cash and cash equivalents – end of year \$	569,627	1,105,098

(continued)

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,
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Statements of Cash Flows (continued)

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Reconciliation of change in net assets to cash flows from operating activities:		
Change in net assets	\$ <u>(877,444)</u>	<u>466,971</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	110,421	75,902
Realized (gains) losses on investments	152,210	(71,530)
Unrealized losses on investments	82,553	197,585
Investments received by contribution	(4,040)	(14,432)
Increase/(decrease) in cash due to changes in:		
Contributions receivable	44,424	(50,863)
Grants receivable	(156,104)	(21,435)
Other receivable	(7,451)	-
Prepaid expenses and other assets	55,285	(52,642)
Accounts payable	37,943	(16,169)
Accrued expenses	6,955	141,231
Due from National – Cash	(96,882)	(23,421)
Due from National – Pledges	<u>137,955</u>	<u>(1,995)</u>
Total adjustments	<u>363,269</u>	<u>162,231</u>
Net cash flows provided by (used in) operating activities	<u><u>(514,175)</u></u>	<u><u>629,202</u></u>
Supplemental cash flow information		
Interest paid on capital lease obligation	\$ <u>5,979</u>	<u>4,797</u>
Disposal of fully depreciated property, equipment and software	<u>-</u>	<u>303,028</u>
Property, equipment and software – financed by capital lease	\$ <u>-</u>	<u>160,006</u>

See accompanying notes.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,
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Statement of Functional Expenses

For the Year Ended June 30, 2009

	Patient and Family Services	Public Awareness/ Education	Public Policy	Total Program Services	Management and General	Fund Raising	Total Support Services	Total
Salaries and wages	\$ 768,041	963,385	32,400	1,763,826	216,553	431,852	648,405	2,412,231
Payroll taxes and other employee benefits	227,301	258,129	3,056	488,486	63,705	116,018	179,723	668,209
Accounting fees	6,927	6,927	—	13,854	2,971	2,970	5,941	19,795
Outside/contract labor	31,745	94,365	14,186	140,296	1,481	1,481	2,962	143,258
Office supplies	17,837	14,499	131	32,467	4,550	4,681	9,231	41,698
Telephone	35,209	34,067	158	69,434	14,539	14,572	29,111	98,545
Postage	7,920	13,336	434	21,690	829	1,588	2,417	24,107
Occupancy/utilities/insurance	149,532	149,089	—	298,621	63,705	64,588	128,293	426,914
Equipment rental and maintenance	14,559	14,559	—	29,118	6,174	6,174	12,348	41,466
Printing and publications/newsletter	15,776	66,967	664	83,407	2,185	2,186	4,371	87,778
Advertising/publicity/promotion	2,409	73,065	—	75,474	9	230	239	75,713
Books/library purchases	4,580	2,088	—	6,668	286	286	572	7,240
Conferences, conventions and meetings	6,198	43,646	1,062	50,906	1,295	1,369	2,664	53,570
Staff development – dues and subscriptions	1,823	1,315	—	3,138	197	948	1,145	4,283
Travel	24,140	30,694	6,265	61,099	2,880	6,131	9,011	70,110
Grants – specific assistance to individuals	32,229	46,055	—	78,284	—	—	—	78,284
Interest/bank charges	10,214	10,214	—	20,428	4,202	4,377	8,579	29,007
Miscellaneous	2,133	1,116	—	3,249	353	352	705	3,954
Donated services, materials and advertising	24,509	42,794	—	67,303	—	—	—	67,303
Depreciation and amortization	40,001	37,919	—	77,920	16,250	16,251	32,501	110,421
	\$ 1,423,083	1,904,229	58,356	3,385,668	402,164	676,054	1,078,218	4,463,886

See accompanying notes.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,
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Statement of Functional Expenses

For the Year Ended June 30, 2008

	Patient and Family Services	Public Awareness/ Education	Public Policy	Total Program Services	Management and General	Fund Raising	Total Support Services	Total
Salaries and wages	\$ 620,542	980,987	85,338	1,686,867	171,492	299,501	470,993	2,157,860
Payroll taxes and other employee benefits	172,892	273,317	23,776	469,985	47,780	83,445	131,225	601,210
Accounting fees	4,995	6,244	1,249	12,488	3,568	1,784	5,352	17,840
Outside/contract labor	7,141	16,442	2,293	25,876	871	1,821	2,692	28,568
Office supplies	14,146	20,215	4,722	39,083	7,977	4,330	12,307	51,390
Telephone	23,164	28,677	5,735	57,576	16,321	8,160	24,481	82,057
Postage	6,189	23,607	995	30,791	1,070	1,096	2,166	32,957
Occupancy/utilities/insurance	115,864	144,392	28,878	289,134	82,291	41,910	124,201	413,335
Equipment rental and maintenance	14,199	17,748	3,550	35,497	10,141	5,071	15,212	50,709
Printing and publications/newsletter	6,049	32,812	2,603	41,464	3,421	1,711	5,132	46,596
Advertising/publicity/promotion	859	27,059	104	28,022	10	295	305	28,327
Books/library purchased	2,408	6,119	1,037	9,564	608	381	989	10,553
Conferences, conventions and meetings	10,674	100,717	3,103	114,494	7,219	3,644	10,863	125,357
Staff development – dues and subscriptions	8,110	12,659	2,594	23,363	2,758	2,735	5,493	28,856
Travel	29,175	46,649	24,498	100,322	9,230	10,578	19,808	120,130
Grants – specific assistance to individuals	15,581	16,292	20	31,893	–	–	–	31,893
Interest/bank charges	10,312	12,890	2,578	25,780	7,365	3,682	11,047	36,827
Miscellaneous	5,064	4,896	959	10,919	2,576	1,287	3,863	14,782
Donated services, materials and rent	35,916	44,895	8,979	89,790	–	–	–	89,790
Depreciation and amortization	21,435	26,477	5,295	53,207	15,130	7,565	22,695	75,902
	\$ 1,124,715	1,843,094	208,306	3,176,115	389,828	478,996	868,824	4,044,939

See accompanying notes.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,
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Notes to Financial Statements

June 30, 2009 and 2008

(1) Nature of Business and Significant Accounting Policies

(a) Organization

The Alzheimer's Disease and Related Disorders Association, Greater Illinois Chapter (Alzheimer's) is a separately incorporated nonprofit agency 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, Carterville, 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.

(b) 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 promise is made. Bequests are recognized as revenue upon receiving notification of a donor's death and the amount of the bequest. 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.

(c) 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.

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Notes to Financial Statements

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, Alzheimer's considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The carrying amount of deposits with banks and repurchase agreements was \$568,527 and the banks' balances totaled \$597,061 at June 30, 2009. Of this amount approximately \$234,300 was in excess of federal depository insurance limits. Cash and cash equivalents - restricted are required to remain on deposit as collateral for a letter of credit.

(e) 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 12 for discussion of fair value measurements.

Purchases and sales of securities are recorded on trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the year.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of SFAS No. 157 were effective as of July 1, 2008 for the Alzheimer's investments. The adoption of SFAS No. 157 did not have a material impact on these financial statements. See further discussion in Note 13.

(f) 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. Alzheimer's records a full year's depreciation if the asset is acquired before January and a half year's depreciation if acquired after December.

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Notes to Financial Statements

(g) Income Taxes

Alzheimer's is a not-for-profit organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code as other than a private foundation.

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board has issued Financial Interpretation No. 48 (FIN 48) "*Accounting for Uncertainty in Income Taxes.*" Alzheimer's has elected to defer the implementation of FIN 48 until the year ended June 30, 2010 and believes there are no significant tax positions that would have been required to be recorded under FIN 48, had the Interpretation been adopted for the year ended June 30, 2009.

Currently Alzheimer's recognizes income tax positions based on management's estimate of whether it is probable that a liability has been incurred and that an amount can be reasonably estimated.

(h) Accounting Estimates

The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and 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.

(2) Contributions Receivable

The contributions receivable at June 30, 2009 and 2008 from pledges and bequests are as follows:

	<u>2009</u>	<u>2008</u>
Due within one year	\$ 311,811	338,305
Due from one to five years	<u> —</u>	<u>25,000</u>
Total	311,811	363,305
Less discounts to present value	—	(5,959)
Less allowance for uncollectible accounts	<u>(1,091)</u>	<u>(2,202)</u>
Net contributions receivable	\$ <u><u>310,720</u></u>	<u><u>355,144</u></u>

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Notes to Financial Statements

(3) Investments

At June 30 the cost and fair value were as follows:

		2009	
		Fair Value	Cost
Money market funds	\$	200,926	200,926
Mutual funds		407,223	496,671
	\$	608,149	697,597
		2008	
		Fair Value	Cost
Money market funds	\$	158,134	158,134
Mutual funds		779,695	786,210
Accrued interest and dividends		2,528	2,528
	\$	940,357	946,872

(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 at least reasonably 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 skilled services and materials for the annual Memory Walks and educational events. These items were allocated by management as follows for the years ended June 30:

		2009	2008
Public awareness educational communications	\$	67,303	102,236
Fundraising		32,678	3,400
	\$	99,981	105,636

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Notes to Financial Statements

(6) Property, Equipment and Software

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

	2009	2008
Equipment	\$ 249,785	229,238
Furniture	134,100	134,100
Leasehold improvements	185,011	134,838
Software	3,505	3,505
	572,401	501,681
Less accumulated depreciation and amortization	(273,630)	(163,209)
	\$ 298,771	338,472

(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 October 2018. Rent expense related to these leases for the years ended June 30, 2009 and 2008 was \$383,160 and \$346,829, respectively. Future minimum annual rentals for leases executed as of June 30, 2009 are as follows:

Year ending June 30				
	2010	\$ 347,485	2013	\$ 247,099
	2011	336,762	2014	242,516
	2012	\$ 285,746	Beyond	\$ 775,787

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 \$224,000 which expires in July 2010. There have been no draws on the letter of credit as of June 30, 2009.

(8) Capital Lease

Alzheimer's has a capital lease agreement with a financing company for office furniture and other equipment. This agreement requires monthly payments of \$4,837, including interest at 4.66%, through November 2010. Future scheduled principal payments under the terms of this agreement as of June 30, 2009 are as follows:

Year ending June 30,	Amount
2010	\$ 58,044
2011	24,185
Total	82,229
Less: amount representing interest	(3,343)
Minimum lease payments	\$ 78,886

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Notes to Financial Statements

(9) Retirement Plan

Alzheimer's sponsors a retirement plan under the provisions of Internal Revenue Code Section 403(b). 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. Contributions for the years ended June 30, 2009 and 2008 were \$102,365 and \$132,974, respectively.

(10) Temporarily Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
<u>Restricted as to time:</u>		
Contributions receivable	\$ 217,746	241,939
Due from National – Pledges	285,857	188,975
Grants receivable	9,995	19,995
Contributions receivable – other	–	4,319
<u>Restricted as to purpose:</u>		
Chapter programs	65,867	694,056
Memory Walk	265,983	235,441
Palliative Care	199,420	–
Board development	15,103	–
Care Navigation	25,165	–
Early stage education	26,200	–
IDEAS	4,603	81,034
Helpline	25,000	25,000
Needs assessment	–	15,000
Rural outreach	250	–
African American outreach	500	4,354
Latino conference	60	–
Rockford programs	500	–
	<u>\$ 1,142,249</u>	<u>1,510,113</u>

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Notes to Financial Statements

(11) Fundraising Agreement

Effective July 1, 2006, Alzheimer's entered into 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:

	2009	2008
<u>Revenue sharing activity:</u>		
Due from National - Beginning Balance	\$ 484,137	458,498
Payments received from National	(303,266)	(651,705)
Payments made to National	200,000	297,630
Shared contributions, net	62,193	379,714
Due from National - Ending Balance	\$ 443,064	484,137

(12) Fair Value Measurements

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. 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 three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, 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.

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Notes to Financial Statements

(12) Fair Value Measurements (continued)

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.

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

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Alzheimer's 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 fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, Alzheimer's assets at fair value as of June 30, 2009:

		Assets at Fair Value as of June 30, 2009			
		Level 1	Level 2	Level 3	Total
Money market funds	\$	200,926	–	–	200,926
Mutual funds		407,223	–	–	407,223
Total	\$	608,149	–	–	608,149

(13) 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, non-recognized subsequent events).

Alzheimer's has evaluated subsequent events through September 22, 2009, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.