

# alzheimer's association®

Alzheimer's Disease and Related  
Disorders Association,  
St. Louis Chapter, Inc.

D/B/A  
Alzheimer's Association,  
St. Louis Chapter

Financial Statements With  
Independent Auditor's Report  
June 30, 2016

The Alzheimer's Association is the leading voluntary health organization  
in Alzheimer care, support and research.

Our mission 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.

## TABLE OF CONTENTS

---

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1
 <b>Financial Statements</b>	
Statements of Financial Position.....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9



## Independent Auditor's Report

Board of Directors  
Alzheimer's Disease and Related Disorders  
Association, St. Louis Chapter, Inc.  
St. Louis, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of Alzheimer's Disease and Related Disorders Association, St. Louis Chapter, Inc. (the "Association"), 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 audits 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 Association'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 Association'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, St. Louis Chapter, Inc. 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.

## **Emphasis of Matter**

As described in Note 14 to the financial statements, the St. Louis Chapter agreed to merge with the National Organization, which has subsequently taken place on July 1, 2016. Our opinion is not modified with respect to this matter.

*Brown Smith Wallace, LLP*

St. Louis, Missouri  
September 23, 2016

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Statements of Financial Position**

June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,994,721	\$ 1,544,456
Certificates of deposit (Note 4)	112,690	124,638
Accounts and sponsorship receivables	117,638	75,243
Promises to give, net (Note 3)	1,534,161	292,787
Prepaid expenses	55,067	37,208
<b>Total Current Assets</b>	<b>3,814,277</b>	<b>2,074,332</b>
<b>Long-term Assets</b>		
Unconditional promises to give, net (Note 3)	230,487	168,651
Property and equipment, net (Notes 5)	109,154	90,319
Assets restricted for permanent investment - beneficial interest in perpetual trusts (Note 6)	2,444,314	2,564,498
<b>TOTAL ASSETS</b>	<b>\$ 6,598,232</b>	<b>\$ 4,897,800</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 85,724	\$ 39,282
Accrued payroll and related items	22,829	64,672
Capital lease obligation	39,304	53,160
Accrued liabilities related to Shared Fundraising Policy and research restricted contributions (Note 8)	961,238	369,132
<b>Total Current Liabilities</b>	<b>1,109,095</b>	<b>526,246</b>
<b>Long-term Liabilities</b>		
Capital lease obligation	55,696	45,962
Accrued liabilities related to Shared Fundraising Policy and research restricted contributions (Note 8)	1,309,888	1,360,962
<b>TOTAL LIABILITIES</b>	<b>2,474,679</b>	<b>1,933,170</b>
<b>Net Assets</b>		
Unrestricted	2,366,222	1,225,695
Temporarily restricted (Note 7)	510,301	422,795
Permanently restricted (Note 7)	1,247,030	1,316,140
<b>Total Net Assets</b>	<b>4,123,553</b>	<b>2,964,630</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,598,232</b>	<b>\$ 4,897,800</b>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Statement of Activities**

Year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support</b>				
Individual support	\$ 615,568	\$ 52,988	\$ -	\$ 668,556
Research donations	-	196,468	-	196,468
Bequests and other planned giving	1,836,203	-	-	1,836,203
Corporate, foundation and United Way	109,440	547,490	-	656,930
Walk to End Alzheimer's revenue	1,793,473	34,583	-	1,828,056
Special events, net direct expenses of \$53,500	440,017	-	-	440,017
<b>Public Support</b>	<b>4,794,701</b>	<b>831,529</b>	<b>-</b>	<b>5,626,230</b>
Net Amounts related to:				
Shared Fundraising Policy (Note 8)	(1,409,438)	(13,920)	-	(1,423,358)
Research transferred to National Organization	-	(221,243)	51,074	(170,169)
<b>Total Net Public Support</b>	<b>3,385,263</b>	<b>596,366</b>	<b>51,074</b>	<b>4,032,703</b>
<b>Revenues</b>				
Grants	177,423	-	-	177,423
Education workshop/seminars	82,966	-	-	82,966
Investment and trust income (Note 4)	72,135	24,774	-	96,909
Change in value of trusts	-	(789)	-	(789)
Change in value of beneficial interest in perpetual trust (Note 6)	-	-	(120,184)	(120,184)
Other income	47,158	-	-	47,158
<b>Total Revenues</b>	<b>379,682</b>	<b>23,985</b>	<b>(120,184)</b>	<b>283,483</b>
<b>Total Public Support and Revenues</b>	<b>3,764,945</b>	<b>620,351</b>	<b>(69,110)</b>	<b>4,316,186</b>
<b>Net Assets Released From Restrictions (Note 7)</b>	<b>532,845</b>	<b>(532,845)</b>	<b>-</b>	<b>-</b>
<b>Total Support And Revenues</b>	<b>4,297,790</b>	<b>87,506</b>	<b>(69,110)</b>	<b>4,316,186</b>
<b>Expenses</b>				
Program Services:				
Education and outreach	1,444,822	-	-	1,444,822
Family services	772,406	-	-	772,406
Public policy	160,926	-	-	160,926
<b>Total Program Services</b>	<b>2,378,154</b>	<b>-</b>	<b>-</b>	<b>2,378,154</b>
Supporting Activities:				
Management and general	223,636	-	-	223,636
Fundraising	555,473	-	-	555,473
<b>Total Supporting Activities</b>	<b>779,109</b>	<b>-</b>	<b>-</b>	<b>779,109</b>
<b>Total Expenses</b>	<b>3,157,263</b>	<b>-</b>	<b>-</b>	<b>3,157,263</b>
<b>Change In Net Assets</b>	<b>1,140,527</b>	<b>87,506</b>	<b>(69,110)</b>	<b>1,158,923</b>
<b>Net Assets at Beginning of Year</b>	<b>1,225,695</b>	<b>422,795</b>	<b>1,316,140</b>	<b>2,964,630</b>
<b>Net Assets at End of Year</b>	<b>\$ 2,366,222</b>	<b>\$ 510,301</b>	<b>\$ 1,247,030</b>	<b>\$ 4,123,553</b>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Statement of Activities**

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support</b>				
Individual support	\$ 710,507	\$ 133,352	\$ -	\$ 843,859
Research donations	-	434,972	-	434,972
Bequests and other planned giving	109,979	45,216	-	155,195
Corporate, foundation and United Way	152,359	367,099	-	519,458
Walk to End Alzheimer's revenue	1,507,825	-	-	1,507,825
Special events, net direct expenses of \$32,625	272,185	-	-	272,185
<b>Public Support</b>	<b>2,752,855</b>	<b>980,639</b>	<b>-</b>	<b>3,733,494</b>
Net Amounts related to:				
Shared Fundraising Policy (Note 8)	(609,999)	(14,467)	-	(624,466)
Research transferred to National Organization	-	(462,258)	32,496	(429,762)
<b>Total Net Public Support</b>	<b>2,142,856</b>	<b>503,914</b>	<b>32,496</b>	<b>2,679,266</b>
<b>Revenues</b>				
Grants	202,563	-	-	202,563
Education workshop/seminars	68,680	-	-	68,680
Investment and trust income (Note 4)	69,769	27,286	-	97,055
Change in value of trusts	-	1,858	-	1,858
Change in value of beneficial interest in perpetual trust (Note 6)	-	-	(67,366)	(67,366)
Other income	1,827	-	-	1,827
<b>Total Revenues</b>	<b>342,839</b>	<b>29,144</b>	<b>(67,366)</b>	<b>304,617</b>
<b>Total Public Support and Revenues</b>	<b>2,485,695</b>	<b>533,058</b>	<b>(34,870)</b>	<b>2,983,883</b>
<b>Net Assets Released From Restrictions (Note 7)</b>	<b>566,262</b>	<b>(566,262)</b>	<b>-</b>	<b>-</b>
<b>Total Support And Revenues</b>	<b>3,051,957</b>	<b>(33,204)</b>	<b>(34,870)</b>	<b>2,983,883</b>
<b>Expenses</b>				
Program Services:				
Education and outreach	1,180,438	-	-	1,180,438
Family services	766,733	-	-	766,733
Public policy	132,010	-	-	132,010
<b>Total Program Services</b>	<b>2,079,181</b>	<b>-</b>	<b>-</b>	<b>2,079,181</b>
Supporting Activities:				
Management and general	183,572	-	-	183,572
Fundraising	472,197	-	-	472,197
<b>Total Supporting Activities</b>	<b>655,769</b>	<b>-</b>	<b>-</b>	<b>655,769</b>
<b>Total Expenses</b>	<b>2,734,950</b>	<b>-</b>	<b>-</b>	<b>2,734,950</b>
<b>Change In Net Assets</b>	<b>317,007</b>	<b>(33,204)</b>	<b>(34,870)</b>	<b>248,933</b>
<b>Net Assets at Beginning of Year</b>	<b>908,688</b>	<b>455,999</b>	<b>1,351,010</b>	<b>2,715,697</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,225,695</b>	<b>\$ 422,795</b>	<b>\$ 1,316,140</b>	<b>\$ 2,964,630</b>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Statement of Functional Expenses**

Year ended June 30, 2016

	Program Services				Supporting Activities			Total
	Education and Outreach	Family Services	Public Policy	Total	Management and General	Fundraising	Total	
Salaries	\$ 834,493	\$ 338,124	\$ 100,897	\$ 1,273,514	\$ 33,920	\$ 266,296	\$ 300,216	\$ 1,573,730
Employee benefits	80,164	32,480	9,692	122,336	3,258	25,580	28,838	151,174
Payroll taxes	66,384	26,898	8,026	101,308	2,698	21,184	23,882	125,190
Total salaries and related expenses	981,041	397,502	118,615	1,497,158	39,876	313,060	352,936	1,850,094
Family respite and other mini grants	-	162,331	7,500	169,831	-	-	-	169,831
Professional fees and outside services	74,217	22,435	2,511	99,163	152,024	15,442	167,466	266,629
Supplies	21,147	8,403	1,062	30,612	448	9,222	9,670	40,282
Telecommunications	21,317	47,964	1,777	71,058	1,477	8,320	9,797	80,855
Postage and shipping	17,816	6,491	220	24,527	67	25,541	25,608	50,135
Occupancy	82,774	48,823	6,052	137,649	4,441	20,596	25,037	162,686
Equipment rental and maintenance	20,744	12,970	1,001	34,715	720	4,514	5,234	39,949
Printing and publication	26,305	8,417	384	35,106	438	30,203	30,641	65,747
Advertising	37,588	21,131	-	58,719	-	20,911	20,911	79,630
Travel	35,364	5,780	11,169	52,313	4,594	18,211	22,805	75,118
Miscellaneous	14,074	4,875	5,424	24,373	16,300	18,746	35,046	59,419
Programs, events and volunteers	87,879	10,801	3,416	102,096	1,934	64,597	66,531	168,627
Depreciation and amortization	24,556	14,483	1,795	40,834	1,317	6,110	7,427	48,261
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,444,822</b>	<b>\$ 772,406</b>	<b>\$ 160,926</b>	<b>\$ 2,378,154</b>	<b>\$ 223,636</b>	<b>\$ 555,473</b>	<b>\$ 779,109</b>	<b>\$ 3,157,263</b>

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



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Statement of Functional Expenses**

Year ended June 30, 2015

	Program Services				Supporting Activities			Total
	Education and Outreach	Family Services	Public Policy	Total	Management and General	Fundraising	Total	
Salaries	\$ 674,538	\$ 348,801	\$ 86,422	\$ 1,109,761	\$ 46,103	\$ 214,285	\$ 260,388	\$ 1,370,149
Employee benefits	61,413	32,722	8,022	102,157	4,315	21,148	25,463	127,620
Payroll taxes	54,913	29,259	7,173	91,345	3,858	18,910	22,768	114,113
Total salaries and related expenses	790,864	410,782	101,617	1,303,263	54,276	254,343	308,619	1,611,882
Family respite and other mini grants	-	141,275	-	141,275	-	-	-	141,275
Professional fees and outside services	58,461	18,139	2,481	79,081	80,871	10,727	91,598	170,679
Supplies	14,611	4,852	786	20,249	910	5,545	6,455	26,704
Telecommunications	19,645	14,423	1,984	36,052	1,422	8,563	9,985	46,037
Postage and shipping	16,144	7,200	202	23,546	126	24,952	25,078	48,624
Occupancy	71,251	54,272	6,069	131,592	4,512	21,605	26,117	157,709
Equipment rental and maintenance	17,424	9,553	1,037	28,014	771	5,956	6,727	34,741
Printing and publication	23,093	19,836	509	43,438	640	31,585	32,225	75,663
Advertising	23,446	60,091	-	83,537	-	13,028	13,028	96,565
Travel	26,804	2,846	12,727	42,377	4,825	12,593	17,418	59,795
Miscellaneous	8,016	411	17	8,444	32,497	8,944	41,441	49,885
Programs, events and volunteers	88,837	6,415	2,721	97,973	1,339	67,883	69,222	167,195
Depreciation and amortization	21,842	16,638	1,860	40,340	1,383	6,473	7,856	48,196
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,180,438</b>	<b>\$ 766,733</b>	<b>\$ 132,010</b>	<b>\$ 2,079,181</b>	<b>\$ 183,572</b>	<b>\$ 472,197</b>	<b>\$ 655,769</b>	<b>\$ 2,734,950</b>

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

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Statements of Cash Flows**

Years ended June 30, 2016 and 2015

	2016	2015
<b>Cash Flows from Operating Activities:</b>		
Individual support	\$ 623,254	\$ 843,859
Research donations	96,468	434,972
Bequests and other planned giving	682,001	150,706
Corporate, foundation and United Way	640,435	501,505
Walk to End Alzheimer's revenue	1,823,565	1,491,041
Special events, net of related expenses	420,017	275,348
Grants	175,023	232,637
Other revenue	215,454	119,530
Net cash paid to National for Shared Fundraising Policy and research restricted contributions	(1,011,421)	(818,842)
	<u>3,664,796</u>	<u>3,230,756</u>
Cash Paid to/for:		
Employees	1,808,251	1,614,690
Vendors	1,174,714	932,954
Respite care	169,831	141,275
	<u>3,152,796</u>	<u>2,688,919</u>
<b>Net Cash Provided by Operating Activities</b>	<u>512,000</u>	<u>541,837</u>
<b>Cash Flows from Investing Activities:</b>		
Net transfers of investments and proceeds from sales	-	519,258
Purchases of investments	-	(3,425)
Purchases of equipment	(8,575)	(17,672)
	<u>(8,575)</u>	<u>498,161</u>
<b>Net Cash Provided by (Used In) Investing Activities</b>	<u>(8,575)</u>	<u>498,161</u>
<b>Cash Flows from Financing Activities:</b>		
Capital lease payments	(53,160)	(53,160)
	<u>(53,160)</u>	<u>(53,160)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(53,160)</u>	<u>(53,160)</u>
<b>Increase In Cash and Cash Equivalents</b>	450,265	986,838
<b>Cash and Cash Equivalents - Beginning of Year</b>	1,544,456	557,618
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,994,721</u>	<u>\$ 1,544,456</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,158,923	\$ 248,933
Adjustments to reconcile net increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	48,261	48,196
Loss on disposal of fixed assets	-	88
Unrealized (gains) losses on investments	-	(4,167)
Contributions restricted for research	51,075	32,496
Change in value of beneficial interest in perpetual trust	69,109	34,870
Imputed interest on capital lease obligations	2,465	4,144
Changes in assets and liabilities:		
(Increase) decrease in accounts and sponsorship receivables	(42,395)	8,604
(Increase) decrease in unconditional promises to give	(1,303,210)	(17,387)
(Increase) decrease in prepaid expenses	(17,859)	(4,483)
Increase (decrease) in accounts payable and accrued expenses	46,442	7,896
Increase (decrease) in accrued payroll and related items	(41,843)	2,808
Increase (decrease) in accrued liabilities related to Shared Fundraising Policy and research restricted contributions	541,032	179,839
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 512,000</u>	<u>\$ 541,837</u>

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

# ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.

## Notes to Financial Statements

June 30, 2016

---

### Note 1 - Organization

The Alzheimer's Disease and Related Disorders Association, St. Louis Chapter, Inc. (the "Association") is a not-for-profit organization serving the St. Louis metropolitan area, eastern Missouri and western Illinois. The Association is dedicated to achieving its mission of eliminating Alzheimer's disease through the advancement of research, providing and enhancing care and support services for all affected, and reducing the risk of dementia through the promotion of brain health.

The Association's primary sources of revenue and support are contributions from the public, corporations and foundations.

#### **Description of Program Services and Supporting Activities**

The Association provides program services and supporting activities that are included in the accompanying financial statements:

##### Program Services

- Family services: The Association serves as a source of support, information and guidance for individuals living with the disease and their families through 24/7 Helpline, care consultations, support groups, specialized programs for people with early memory loss, safety services, respite assistance, and online resources.
- Education and outreach: The Association provides family, community, and professional education programs throughout the 38 county service areas to promote better understanding of the disease and improve quality care.
- Public policy: The Association supports grassroots advocacy efforts that target decision makers in Missouri, Illinois, and Washington DC to advance research funding and increase access to quality care and services.

##### Supporting Activities

- Management and general: Includes those expenditures necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Association's program strategy, secure proper administrative functioning of the Board, and manage the financial and budgetary responsibilities of the Association.
- Fundraising: Provides the structure necessary to encourage and secure financial support from corporations, individuals, and foundations in the form of gifts, as well as fundraising events.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

---

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations. Accordingly, the Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Concentration of Risk**

The Association places its cash and investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution or investment type. At times, such cash may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

**Accounts and Sponsorship Receivables and Promises to Give**

Accounts receivable are recognized as revenue in the period in which the revenue is earned.

Unconditional promises to give are recorded as contributions in the period the promises to give are received. Conditional promises to give are recognized as contributions when the conditions on which they depend are substantially met.

Unconditional promises to give expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Management closely monitors outstanding balances and writes off, as of year-end, balances when they are deemed uncollectible.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

The Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or fair value, if donated, less accumulated depreciation and amortization computed using the straight-line method. The assets are depreciated or amortized over the following periods:

Computer equipment and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of 10 years or life of lease

Additions and betterments of \$500 or more are capitalized, while repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed.

**Restricted and Unrestricted Contributions and Support**

The Association reports gifts of cash and other assets as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for overall support and direction of the Association.

**Advertising Costs**

The Association expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$79,630 and \$96,565 in 2016 and 2015, respectively.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Donated Services**

A substantial number of volunteers have given significant amounts of their time to the Association's programs and management. These services are not recorded in the financial statements since they do not meet the criteria for recognition under the accounting standards.

**Reclassifications**

Certain reclassifications have been made to the 2015 consolidated financial statements to conform to the 2016 presentation.

**Tax Status**

The Association is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal, state, and local income taxes.

The Association has addressed provisions of FASB ASC 740, *Accounting for Income Taxes*. In that regard, the Association has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

**Note 3 - Promises to Give**

Unconditional promises to give consist of the following at June 30:

	<b><u>2016</u></b>	<b><u>2015</u></b>
United Way	\$ 116,055	\$ 111,560
Individuals and foundations	301,463	152,959
Planned giving	<u>1,383,485</u>	<u>230,548</u>
	<b>1,801,003</b>	495,067
Less: Discount on long-term promises to give and allowance for doubtful accounts	<u>36,355</u>	<u>33,629</u>
	<b><u>\$ 1,764,648</u></b>	<b><u>\$ 461,438</u></b>

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

**Note 3 - Promises to Give (Continued)**

Promises to give are collectible as follows:

	<u>2016</u>	<u>2015</u>
Amounts due in:		
Less than one year	\$ 1,534,161	\$ 292,787
One to five years	125,625	63,000
More than five years	<u>104,862</u>	<u>105,651</u>
	<u>\$ 1,764,648</u>	<u>\$ 461,438</u>

Long-term promises to give include a promise to give related to a charitable remainder trust (Note 6).

Long-term promises to give are reflected at the present value of estimated future cash flows using a discount rate of 2.42% and 2.56% for the years ended June 30, 2016 and 2015, respectively.

**United Way of Greater St. Louis, Inc.**

The Association contracts with the United Way of Greater St. Louis, Inc. to carry out programs which meet community health and human service needs. The Association receives an allocation from the United Way for its participation in these programs.

**Note 4 - Certificates of Deposit and Investment Income**

Certificates of deposit are carried at cost plus accrued interest, and totaled \$112,690 and \$124,638 at June 30, 2016 and 2015, respectively. During the fiscal year ended June 30, 2015, all investments except certificates of deposits were liquidated, with proceeds transferred in to a money market account.

Investment and trust income consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 2,392	\$ 137,904
Unrealized gains (losses)	<u>-</u>	<u>(113,657)</u>
	2,392	24,247
Income from Beneficial Interests in Trusts	<u>94,517</u>	<u>72,808</u>
	<u>\$ 96,909</u>	<u>\$ 97,055</u>

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

---

**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 14,387	\$ 14,387
Computer equipment and software	350,670	318,480
Furniture and fixtures	<u>31,977</u>	<u>30,906</u>
	<b>397,034</b>	<b>363,773</b>
Less: accumulated depreciation and amortization	<u>287,880</u>	<u>273,454</u>
	<b><u>\$ 109,154</u></b>	<b><u>\$ 90,319</u></b>

Depreciation and amortization expense amounted to \$48,261 and \$48,196 for the years ended June 30, 2016 and 2015, respectively.

**Note 6 - Beneficial Interest in Trusts**

**Perpetual Trusts**

The Association has beneficial interests in perpetual trusts. The trust assets are not in the possession or control of the Association, but are held and administered by independent financial institution trustees. The Association, along with other not-for-profit organizations, is a beneficiary of the trusts. The present value was estimated to be equivalent to the Association's share of the current fair market value of the trusts which amounts to \$2,444,314 and \$2,564,498 at June 30, 2016 and 2015, respectively. The value of the beneficial interest in trusts decreased \$120,184 and \$67,366 for the years ended June 30, 2016 and 2015, respectively.

The perpetual trust for which the Association received notification in 2012 is restricted for research activities. The Association must utilize the current net income for the purpose of promoting medical research for Alzheimer's disease. The Association follows policies established by the chapters and National Alzheimer's Disease and Related Disorders Association, Inc. (National Organization). Because the Association does not conduct research activities, the contributions are remitted to the National Organization in order to fulfill the donor's intent. As such, the entire present value of this trust interest is included in accrued liabilities related to Shared Fundraising Policy and research restricted contributions in the statements of financial position.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

---

**Note 6 - Beneficial Interest in Trusts (Continued)**

**Charitable Remainder Trust**

During 2011, the Association was named as a beneficiary of a charitable remainder trust. Upon the death of the last surviving annuitant of the trust, the Association will receive a specified percentage of the remaining trust balance. The Association has recorded the promise to give at the present value of the future cash flows from the trust. At June 30, 2016 and 2015, this promise to give was valued at \$64,764 and \$67,610, respectively.

The Association does not have access to any existing markets in which its beneficial interest in these trusts could be bought or sold. Although its measurement method is based on the fair market value of the assets held by the trusts, management has classified its interest in these trusts as Level 3 (subject to unobservable inputs) for purposes of disclosure requirements under fair value accounting standards discussed in Note 12.

**Note 7 - Net Assets**

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Time restrictions:		
Other pledges and commitments	\$ 32,150	\$ 28,941
Bequests and annuities	88,797	86,215
Purpose restrictions:		
United Way	116,055	111,560
Outreach	173,413	4,000
Education	25,500	23,828
Family service	63,663	110,896
Other	<u>10,723</u>	<u>57,355</u>
	<u>\$ 510,301</u>	<u>\$ 422,795</u>

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

---

**Note 7 - Net Assets (Continued)**

Net assets were released from donor-imposed restrictions as follows:

	<u>2016</u>	<u>2015</u>
Time restrictions:		
Pledges and other	\$ 15,290	\$ 96,864
Purpose restrictions:		
United Way	219,730	217,146
Outreach	69,586	13,750
Education	45,828	46,303
Family service	111,118	142,066
Other	<u>71,293</u>	<u>50,133</u>
	<u>\$ 532,845</u>	<u>\$ 566,262</u>

Permanently restricted net assets consist of funds restricted by donors to be held in perpetuity by the Association. The income from permanently restricted endowment funds, which amounted to \$175 and \$2,743 in 2016 and 2015, respectively, is restricted for research activities and forwarded to the National Organization. Permanently restricted net assets totaled \$1,247,030 and \$1,316,140 for the years ended June 30, 2016 and 2015, respectively.

**Note 8 - Affiliated Transactions**

**Shared Fundraising Policy**

The Association is affiliated with the National Organization. A formal Statement of Relationship agreement outlines the rights and responsibilities of the National Organization and the Association. These responsibilities include that the Association comply with policies established by the confederation of chapters and the National Organization.

The policies include Shared Fundraising, which unifies and coordinates fundraising efforts within the Association's territory. In lieu of dues, the National Organization, the Association, and a Mission Fund, share unrestricted contributed revenue raised in the territory. The Mission Fund is a fund to be used for the benefit of the whole Association. During the years ended June 30, 2016 and 2015 unrestricted revenue was shared 60% to the Association, 30% to the National Organization and 10% to the Mission Fund.

# ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.

## Notes to Financial Statements - Continued

June 30, 2016

---

### Note 8 - Affiliated Transactions (Continued)

Net unrestricted amounts related to the Shared Fundraising Policy are as follows:

	<u>2016</u>	<u>2015</u>
National's share of the Association's unrestricted revenues	\$ (1,438,456)	\$ (812,353)
Mission Fund's share of Association revenue	(479,485)	(270,784)
Association's share of National's revenues	<u>508,503</u>	<u>473,138</u>
	<u>\$ (1,409,438)</u>	<u>\$ (609,999)</u>

At June 30, 2016 and 2015, the Association owed the National Organization \$961,238 and \$369,132, respectively, related to the Shared Fundraising Policy, and held \$1,309,888 and \$1,360,962, respectively, of research restricted assets in trust. These balances are included in liabilities related to Shared Fundraising Policy and research restricted contributions in the statements of financial position.

### Research Restricted Contributions and Support

Donors to the Association sometimes designate all or part of their contributions to research activities. The Association follows policies established by the chapters and the National Organization regarding such gifts. As described in Note 6, these contributions are remitted to the National Organization in order to fulfill the donor's intent. Designated research funds of \$170,168 and \$429,762 were provided to the National Organization in 2016 and 2015, respectively. Designated research funds include \$1,309,888 and \$1,360,962 at June 30, 2016 and 2015, respectively, related to a beneficial interest in a perpetual trust restricted for research as described in Note 6.

### Note 9 - Retirement Plan

The Association has a 403(b) tax-deferred annuity retirement plan. All employees are eligible to participate in this Plan and the Association matches employees' contributions into the Plan at a percentage set annually. In 2016 and 2015, the match percentage was 3% and 2%, respectively. Vesting in this Plan is immediate.

The Association's contributions to employees amounted to \$16,779 and \$15,379 for the years ended June 30, 2016 and 2015, respectively. The Association suspended matching employees' contributions for the first half of the year ending June 30, 2015. The match was reinstated in the second half of the year ended June 30, 2015.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

---

**Note 10 - Joint Costs**

For the years ended June 30, 2016 and 2015, the Association incurred expenses related to the Walk to End Alzheimer's (the Walk) that included fundraising appeals, as well as program components. The joint costs related to the Walk were allocated as follows:

	<u>2016</u>	<u>2015</u>
Educational and outreach	\$ <b>152,056</b>	\$ 139,452
Fundraising	<u>101,371</u>	<u>92,968</u>
	<u>\$ <b>253,427</b></u>	<u>\$ 232,420</u>

**Note 11 - Lease Commitments**

**Operating Leases**

The Association is the lessee under noncancellable operating leases for office facilities.

The following is a schedule of future minimum lease payments:

<u>Year</u>	<u>Amount</u>
2017	\$ 161,312
2018	165,762
2019	112,733

Lease (occupancy) expense was \$162,686 and \$157,709 for the years ended June 30, 2016 and 2015, respectively.

**Capital Leases**

The Association is the lessee of office equipment under a capital lease expiring in May 2017. A portion of the capital lease was extended and will continue through June 2020. The assets and liabilities under the capital lease are recorded at a lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation and amortization expense for 2016 and 2015.

Following is a summary of property held under capital leases at June 30, 2016:

Computer equipment and software	\$ 249,934
Less: Accumulated amortization	<u>157,412</u>
	<u>\$ 92,522</u>

# ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.

## Notes to Financial Statements - Continued

June 30, 2016

---

### Note 11 - Lease Commitments (Continued)

The interest rate on the original capitalized lease is 3.16% and 2.40% on the extended portion, which was imputed based on the lower of the Association's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. This capital lease allows for a purchase option representing the expected fair value of the property at the expiration of the lease term.

Minimum future lease payments under the capital lease as of June 30, 2016 were as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 40,030
2018	19,279
2019	19,279
2020	<u>19,279</u>
Total minimum lease payments	97,867
Less: Amounts representing interest	<u>2,867</u>
Present value of net minimum lease payments	<u>\$ 95,000</u>

### Note 12 - Fair Value Measurements

The Association follows FASB ASC 820 *Fair Value Measurements and Disclosures* which establishes the framework for measuring fair value, and expands disclosures about fair value measurements.

FASB ASC 820-10 defines fair value 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. FASB ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Observable inputs other than Level 1 prices, such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

# ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.

## Notes to Financial Statements - Continued

June 30, 2016

---

### Note 12 - Fair Value Measurements (Continued)

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and reflect substantial management judgment or estimation utilizing available market data.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Beneficial interest in a perpetual trust: Measured using the fair value of the assets held in the trust as reported by the trustee as of June 30, 2016 and 2015. The Association considers the measurement of its beneficial interest in the trust to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Association will never receive those assets or have the ability to direct the trustee to redeem them.

Management determines the fair value measurement valuation policies and procedures, which are subject to Board of Directors assessment and approval. At least annually, Management determines if the current valuation techniques used in fair value measurements are still appropriate. During the years ended June 30, 2016 and 2015, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Association's assets.

The Association recognizes transfers, if any, between levels in the fair value hierarchy at the end of the reporting period. There were no transfers for the years ended June 30, 2016 and 2015.

**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

**Note 12 - Fair Value Measurement (Continued)**

The following tables, set forth by level within the fair value hierarchy, are the Association's assets at fair value at June 30, 2016 and 2015:

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 2,444,314	\$ 2,444,314
Beneficial interest in charitable remainder trust	<u>-</u>	<u>-</u>	<u>64,764</u>	<u>64,764</u>
Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,509,078</u>	\$ <u>2,509,078</u>
	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 2,564,498	\$ 2,564,498
Beneficial interest in charitable remainder trust	<u>-</u>	<u>-</u>	<u>67,610</u>	<u>67,610</u>
Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,632,108</u>	\$ <u>2,632,108</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2016 and 2015:

	Beneficial Interest In Perpetual Trust	Beneficial Interest In Charitable Remainder Trust	Total
Balance – July 1, 2014	\$ 2,631,864	\$ 67,810	\$ 2,699,674
Contributions	-	-	-
Change in value of beneficial interest in trusts	<u>(67,366)</u>	<u>(200)</u>	<u>(67,566)</u>
Balance – June 30, 2015	\$ 2,564,498	\$ 67,610	\$ 2,632,108
Contributions	-	-	-
Changes in value of beneficial interest in trusts	<u>(120,184)</u>	<u>(2,846)</u>	<u>(123,030)</u>
Balance – June 30, 2016	\$ <u>2,444,314</u>	\$ <u>64,764</u>	\$ <u>2,509,078</u>

# ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION, ST. LOUIS CHAPTER, INC.

## Notes to Financial Statements - Continued

June 30, 2016

---

### Note 13 - Endowment Funds

The Association's endowment funds consist of donor-restricted endowment funds. Assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purpose of the Association and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Association; and
- (7) The investment policies of the Association.

The Association invests endowment assets in cash or cash equivalents to conservatively maintain the historic dollar value while gradually achieving growth in endowment assets and providing a stable stream of funding. Income earned on endowment assets has been restricted by the donors for research activities. Along with other research restricted contributions described in Note 8, this income is remitted to the National Organization.



**ALZHEIMER'S DISEASE AND RELATED DISORDERS ASSOCIATION,  
ST. LOUIS CHAPTER, INC.**

**Notes to Financial Statements - Continued**

June 30, 2016

**Note 13 - Endowment Funds (Continued)**

As of June 30, 2016 and 2015, the Association had the following endowment funds:

	<b>2016</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor – restricted endowment funds	\$ <u>      -      </u>	\$ <u>  <b>112,604</b>  </u>	\$ <u>  <b>112,604</b>  </u>
	<b>2015</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor – restricted endowment funds	\$ <u>      -      </u>	\$ <u>  <b>112,604</b>  </u>	\$ <u>  <b>112,604</b>  </u>

The change in these endowment funds for the years ended June 30, 2016 and 2015 is as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Net assets – July 1, 2014	\$ -	\$ 112,604	\$ 112,604
Investment income	2,743	-	2,743
Appropriation of endowment assets for research	<u>(2,743)</u>	<u>-</u>	<u>(2,743)</u>
Net assets – June 30, 2015	<b>-</b>	<b>112,604</b>	<b>112,604</b>
Investment income	<b>175</b>	-	<b>175</b>
Appropriation of endowment assets for research	<u><b>(175)</b></u>	<u>-</u>	<u><b>(175)</b></u>
Net assets – June 30, 2016	\$ <u>      -      </u>	\$ <u>  <b>112,604</b>  </u>	\$ <u>  <b>112,604</b>  </u>

**Note 14 - Subsequent Events**

On October 17, 2015, the National Organization's Board of Directors approved reorganizing the independent chapters and the National Organization to operate as a single entity. The Association's Board of Directors approved this reorganization on January 11, 2016. This reorganization was completed July 1, 2016 at which time the Association consolidated with the National Organization. From that date forward, the Association will no longer be an independent entity and will be included in the scope of the National Organization's operations and financial statements.

Management has evaluated all subsequent events and transactions through September 23, 2016, the date which the financial statements were available to be issued.