

Alzheimer's Association
Greater Richmond, Inc.

Financial Statements

June 30, 2009



Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants



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Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

. Kelli P. Meadows
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Independent Auditor's Report

To the Board of Directors
Alzheimer's Association Greater Richmond, Inc.

We have audited the accompanying statements of financial position of Alzheimer's Association Greater Richmond, Inc. (hereafter the "Organization") 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 Organization'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 Association Greater Richmond, Inc. 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.

Meadows Urquhart Acree & Cook, LLP

September 28, 2009

Alzheimer's Association Greater Richmond, Inc.

Statements of Financial Position
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents		
Money market account with broker	\$ 119,588	\$ 129,672
Accounts with other financial institutions	81,550	19,342
	<u>201,138</u>	<u>149,014</u>
Marketable securities, at fair value	184,830	464,939
Certificate of deposit	37,141	36,233
Pledges receivable, net	199,074	79,799
Program service fees outstanding	15,089	2,368
Prepaid expenses	15,063	7,548
Equipment, net of accumulated depreciation	14,508	20,464
	<u>666,843</u>	<u>760,365</u>
Total assets	\$ 666,843	\$ 760,365
Liabilities		
Vendor accounts	\$ 11,799	\$ 15,806
Compensated absences and other accrued expenses	46,862	50,337
	<u>58,661</u>	<u>66,143</u>
Total liabilities	58,661	66,143
Net Assets		
Unrestricted	518,467	629,827
Temporarily restricted	89,715	64,395
	<u>608,182</u>	<u>694,222</u>
	<u>\$ 666,843</u>	<u>\$ 760,365</u>

See Notes to Financial Statements.

Alzheimer's Association Greater Richmond, Inc.

Statements of Activities

Years ended June 30, 2009 and 2008

	2009		
	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions:			
Bequests	\$ 88,677	\$ -	\$ 88,677
Designations	34,627	-	34,627
Memorials and tributes	88,204	-	88,204
Other individuals	24,270	-	24,270
Other	23,506	-	23,506
Fundraising events	432,093	-	432,093
Foundation grants	18,170	1,330	19,500
Other grants	14,079	129,750	143,829
Less: Net amount paid to National (Note 7)	(8,092)	-	(8,092)
Total contributions	715,534	131,080	846,614
Rent, services, and event supplies	105,673	-	105,673
Investment loss	(79,171)	-	(79,171)
Government grants	87,894	-	87,894
Program services	48,400	-	48,400
Total revenues	878,330	131,080	1,009,410
Net assets released from restrictions through payments	105,760	(105,760)	-
Net public support, revenue, gains, and other support	984,090	25,320	1,009,410
Expenses			
Program - Patient and family services	289,517	-	289,517
Program - Public awareness and education	560,720	-	560,720
Program - Public policy	14,634	-	14,634
Program - Research	13,834	-	13,834
Management and general	115,787	-	115,787
Fundraising	100,958	-	100,958
Total expenses	1,095,450	-	1,095,450
Change in net assets	(111,360)	25,320	(86,040)
Net assets, beginning of year	629,827	64,395	694,222
Net assets, end of year	<u>\$ 518,467</u>	<u>\$ 89,715</u>	<u>\$ 608,182</u>

See Notes to Financial Statements.

2008		
Unrestricted	Temporarily Restricted	Total
\$ 80,773	\$ -	\$ 80,773
40,732	-	40,732
55,009	-	55,009
30,350	500	30,850
26,203	-	26,203
369,885	-	369,885
1,750	10,500	12,250
22,247	167,865	190,112
-	-	-
626,949	178,865	805,814
116,377	-	116,377
(53,066)	-	(53,066)
110,625	-	110,625
56,042	-	56,042
856,927	178,865	1,035,792
135,780	(135,780)	-
992,707	43,085	1,035,792
339,328	-	339,328
587,311	-	587,311
15,544	-	15,544
18,483	-	18,483
118,415	-	118,415
102,625	-	102,625
1,181,706	-	1,181,706
(188,999)	43,085	(145,914)
818,826	21,310	840,136
\$ 629,827	\$ 64,395	\$ 694,222

Alzheimer's Association Greater Richmond, Inc.

Statement of Functional Expenses
Year ended June 30, 2009

	Patient and Family Services	Public Awareness and Education	Public Policy
Compensation	\$ 130,156	\$ 238,286	\$ 2,002
Insurance and other benefits	6,685	12,121	105
Payroll taxes	9,685	17,417	153
	146,526	267,824	2,260
Accounting fees	4,363	8,028	262
Conferences and meetings	7,411	133,394	-
Contract labor	1,956	3,836	11,471
Depreciation	1,742	3,082	67
Equipment rental and maintenance	2,543	4,085	42
Newsletter and other printing	8,141	19,938	166
Occupancy	8,698	15,147	150
Office supplies	330	551	-
Postage	6,247	10,036	102
Professional fundraising fees	-	952	-
Publications	2,212	4,108	-
Rent, services, and supplies from donors	21,135	65,517	-
Research	-	-	-
Respite care scholarships	67,708	-	-
Staff development	1,027	2,397	-
Telephone	3,428	5,599	114
Travel	4,355	12,412	-
Other	1,695	3,814	-
	\$ 289,517	\$ 560,720	\$ 14,634

See Notes to Financial Statements.

Research	Management and General	Fundraising	Total
\$ -	\$ 80,096	\$ 50,060	\$ 500,600
-	4,260	2,872	26,043
-	6,622	4,402	38,279
-	90,978	57,334	564,922
-	2,705	2,094	17,452
-	-	7,411	148,216
-	959	959	19,181
-	1,005	804	6,700
-	834	834	8,338
-	2,326	2,658	33,229
-	3,599	2,400	29,994
-	132	88	1,101
-	2,048	2,048	20,481
-	-	5,393	6,345
-	-	-	6,320
-	3,170	15,851	105,673
13,834	-	-	13,834
-	-	-	67,708
-	428	428	4,280
-	1,143	1,143	11,427
-	3,920	1,089	21,776
-	2,540	424	8,473
\$ 13,834	\$ 115,787	\$ 100,958	\$ 1,095,450

Alzheimer's Association Greater Richmond, Inc.

Statement of Functional Expenses
Year ended June 30, 2008

	Patient and Family Services	Public Awareness and Education	Public Policy
Compensation	\$ 121,101	\$ 217,791	\$ 1,915
Insurance and other benefits	5,517	9,962	87
Payroll taxes	8,981	16,152	142
	135,599	243,905	2,144
Accounting fees	3,842	6,094	199
Conferences and meetings	-	134,741	-
Contract labor	3,543	6,613	7,904
Depreciation	1,687	2,984	65
Equipment rental and maintenance	3,653	5,869	60
National dues	10,630	30,967	4,622
Newsletter and other printing	10,840	26,989	221
Occupancy	8,296	14,447	143
Office supplies	1,444	2,407	-
Postage	4,745	7,623	78
Professional fundraising fees	-	549	-
Publications	2,785	5,171	-
Rent, services, and supplies from donors	20,948	74,481	-
Research	-	-	-
Respite care scholarships	120,750	-	-
Staff development	1,516	3,536	-
Telephone	3,245	5,300	108
Travel	4,289	12,224	-
Other	1,516	3,411	-
	\$ 339,328	\$ 587,311	\$ 15,544

See Notes to Financial Statements.

Research	Management and General	Fundraising	Total
\$ -	\$ 82,809	\$ 55,046	\$ 478,662
-	3,788	2,518	21,872
-	6,141	4,082	35,498
-	92,738	61,646	536,032
-	1,523	1,590	13,248
-	-	6,349	141,090
-	1,980	-	20,040
-	973	779	6,488
-	1,198	1,198	11,978
-	-	-	46,219
-	3,097	3,098	44,245
-	3,433	2,289	28,608
-	578	385	4,814
-	1,556	1,556	15,558
-	-	3,113	3,662
-	-	-	7,956
-	3,491	17,457	116,377
18,483	-	-	18,483
-	-	-	120,750
-	632	632	6,316
-	1,082	1,082	10,817
-	3,860	1,072	21,445
-	2,274	379	7,580
\$ 18,483	\$ 118,415	\$ 102,625	\$ 1,181,706

Alzheimer's Association Greater Richmond, Inc.

Statements of Cash Flows

Years ended June 30, 2009 and 2008

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	\$ (86,040)	\$ (145,914)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,700	6,488
Realized and unrealized losses on investments	109,059	96,870
Unamortized discount on pledges	11,369	-
Bad debts, net	3,000	7,500
Decrease (increase) in assets:		
Program service fees outstanding	(12,721)	12,353
Pledges receivable	(133,644)	(27,549)
Accrued interest on certificate of deposit	(908)	(1,161)
Prepaid expenses	(7,515)	964
Increase (decrease) in liabilities:		
Vendor accounts	(4,007)	1,984
Compensated absences and other accrued expenses	(3,475)	5,069
Net cash used in operating activities	(118,182)	(43,396)
Cash Flows From Investing Activities		
Purchases of equipment	(744)	(14,661)
Net sales of marketable securities	171,050	131,260
Net cash provided by investing activities	170,306	116,599
Cash Flows From Financing Activities		
Short-term financing through cash overdraft	-	(33,733)
Net cash used in financing activities	-	(33,733)
Net increase in cash and cash equivalents	52,124	39,470
Cash and cash equivalents, beginning of year	149,014	109,544
Cash and cash equivalents, end of year	\$ 201,138	\$ 149,014

See Notes to Financial Statements.

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 1—Nature of Activities and Significant Accounting Policies

Nature of activities: Alzheimer's Association Greater Richmond, Inc. (the Organization) works to influence legislation benefiting persons with Alzheimer's disease and to increase awareness of the disease. The Organization provides caregiver workshops, in-service training and support groups in addition to providing a call-in service, a newsletter, a lending library, and a speaker's bureau. The Organization also offers respite care scholarships and participates in the national Safe Return registry program.

A summary of the Organization's significant accounting policies follows:

Basis of accounting: The financial statements of the Organization are prepared under the accrual method of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets.

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or for specified purposes.

Permanently restricted net assets result from contributions that must be maintained by the Organization in perpetuity. The Organization has no permanently restricted assets.

Functional allocation of expenses: The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the applicable programs.

Cash equivalents: The Organization considers all highly liquid investments with an original maturity of three months or less and money market funds to be cash equivalents.

Pledges receivable: Pledges receivable are carried at original pledge amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and receivables are written-off when deemed uncollectible. Recoveries of receivables previously written-off, if any, are recorded when collected. As of June 30, 2009 and 2008, the Organization's allowance for doubtful accounts was \$5,000 and \$2,000, respectively.

Notes to Financial Statements

Note 1—Nature of Activities and Significant Accounting Policies (Continued)

Valuation of marketable securities, at fair value: The Organization adopted the provisions of SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), effective July 1, 2008. Under SFAS No. 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls, is determined based on the lowest level input that is significant to the fair value measurement.

Equipment: Equipment is capitalized according to original cost or at fair value, if donated. Depreciation is computed using the straight-line method over estimated useful lives of the depreciable assets ranging from 3 to 5 years.

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 1—Nature of Activities and Significant Accounting Policies (Continued)

Valuation of long-lived assets: The Organization accounts for the valuation of long-lived assets under Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of carrying amount or fair value, less any costs to sell.

In-kind contributions: Contributed services include advertising provided free of charge by various communications entities for the Memory Walks, workshop presentations by speakers who did not require honoraria, and staffing the Helpline. The Organization believes it is not practical to estimate the fair value of other contributed services.

Contributed event supplies consist of food, beverages, and prizes contributed for the Spring Golf Outing and Memory Walks.

The Organization estimates the fair value of in-kind contributions for the years ended June 30, 2009 and 2008 were as follows:

	2009	2008
Advertising	\$ 35,125	\$ 27,505
Helpline staff	3,860	4,360
Rent	28,227	28,227
Supplies	22,761	27,935
Workshop speakers	15,700	28,350
	<u>\$ 105,673</u>	<u>\$ 116,377</u>

Income taxes: The Organization is affiliated with the Alzheimer's Association (National Chapter) and is recognized by the National Chapter's group tax exemption letter dated July 22, 2003. As such, the Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Pursuant to criteria established by the Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48) as amended by FIN-48-3, the Organization has elected to defer implementation of FIN 48 until July 1, 2009. The Organization has not determined if adoption of FIN 48 will have a material adverse impact to its financial position as of June 30, 2009.

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 1—Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates and assumptions.

Note 2—Pledges Receivable

Pledges outstanding are due in one to four years. Pledges receivable consist of the following at June 30:

	2009	2008
Pledges receivable	\$ 215,443	\$ 81,799
Less: allowance for doubtful accounts	(5,000)	(2,000)
Less: present value discount	(11,369)	-
Net pledges receivable	<u>\$ 199,074</u>	<u>\$ 79,799</u>
Amount due in:		
Less than one year	\$ 104,276	\$ 57,199
One to four years	94,798	22,600
	<u>\$ 199,074</u>	<u>\$ 79,799</u>

Note 3—Restricted Contributions

The Organization periodically receives contributions that are temporarily restricted. Net assets as of June 30, 2009 and 2008 are temporarily restricted for the following purposes:

	2009	2008
Caregiver support	\$ 86,250	\$ 43,750
Office operations	-	15,000
Conferences	-	5,000
Public relations and awareness	3,465	645
	<u>\$ 89,715</u>	<u>\$ 64,395</u>

It is expected that the restrictions for all temporarily restricted net assets as of June 30, 2009 will be released through program expenditures in fiscal 2010.

As a result of these restrictions, cash and cash equivalents totaling \$89,715 and \$64,395 as of June 30, 2009 and 2008, respectively, are restricted as to use.

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 4—Marketable Securities

The Organization's marketable securities as are summarized as follows:

June 30, 2009	Coupon	Cost	Fair Value	Unrealized Loss
Barclays Bank	7.75%	\$ 50,000	\$ 39,280	\$ (10,720)
JP Morgan	6.35%	63,381	53,650	(9,731)
USB Capital	6.60%	75,887	66,900	(8,987)
Morgan Stanley	3.60%	25,000	25,000	-
		<u>\$ 214,268</u>	<u>\$ 184,830</u>	<u>\$ (29,438)</u>

The Organization's marketable securities are summarized as follows:

June 30, 2008	Coupon	Cost	Fair Value	Unrealized Loss
American International Group	6.45%	\$ 62,500	\$ 45,725	\$ (16,775)
Barclays Bank	7.75%	50,000	45,300	(4,700)
Federal Farm Credit Bank	5.55%	50,942	50,657	(285)
Federal Home Loan Mortgage Corp	5.00%	75,000	74,782	(218)
JP Morgan	6.35%	63,381	55,025	(8,356)
Lincoln National Corp	6.75%	77,125	67,380	(9,745)
Parkway Bank and Trust	4.60%	25,000	25,000	-
Royal Bank of Scotland	6.75%	50,000	37,560	(12,440)
USB Capital	6.60%	75,887	63,510	(12,377)
		<u>\$ 529,835</u>	<u>\$ 464,939</u>	<u>\$ (64,896)</u>

The organization's marketable securities are categorized as Level 1 based on the fair value hierarchy discussed in Note 1. Investment loss for the years ended June 30, 2009 and 2008 is comprised of the following:

	2009	2008
Interest and dividends	\$ 29,888	\$ 43,804
Unrealized gains (losses)	35,458	(55,891)
Realized losses	(144,517)	(40,979)
	<u>\$ (79,171)</u>	<u>\$ (53,066)</u>

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 5—Operating Leases

The Organization leases its facilities in Richmond, Virginia under a cancelable arrangement with below-market rentals that totaled \$18,356 in 2009 and \$17,892 in 2008. It also leases meeting space and a small office free of charge. The Organization estimates that the excess of the market rates of these leases over the amount paid totaled \$28,227 in 2009 and 2008, respectively. The Organization leases other space at market rates under cancelable arrangements in addition to various pieces of equipment. Total rent paid during the years ended June 30, 2009 and 2008 amounted to \$27,889 and \$29,611, respectively. Future minimum rentals under these operating lease agreements are insignificant.

Note 6—Pension Plan

The Organization sponsors a Simple IRA pension plan for the benefit of its employees. The plan enables eligible employees to defer a portion of their salary (\$10,500 in 2009) and requires the Organization to contribute 2% of all eligible employees' salaries. These contributions amounted to \$8,830 and \$8,593 for the years ended June 30, 2009 and 2008, respectively, and are included in the accompanying statements of functional expenses with "insurance and other benefits".

Note 7—Shared Fundraising

During fiscal year 2009, the Association began a shared fundraising program with the National Alzheimer's Association (National) in lieu of dues. The program requires the Association to remit 69% of its contributions received to National. In return, National must give the Association credit for 30% of contributions it receives from the Greater Richmond area. The following summarizes the activity for the year end June 30, 2009:

The amount paid for dues and research during the fiscal year ended June 30, 2008 was \$46,219 and \$48,483, respectively. These amounts are included in program expenses on the statement of activities.

Amount due to National	\$ 178,856
Amount credited from National	<u>(170,764)</u>
Amount remitted to National	<u>\$ 8,092</u>

Note 8—Subsequent Events

Subsequent events were evaluated through the date the financial statements were available to be issued which was September 25, 2009.