



Alzheimer's Association

Greater Richmond, Inc.

Financial Statements

June 30, 2016

Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

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Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

- Kelli P. Meadows
- Douglas A. Urquhart
- David C. Acree
- Shannon W. Cook

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Alzheimer's Association Greater Richmond, Inc., (the Organization) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Association Greater Richmond, Inc. as of June 30, 2016 and 2015, and its changes in 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

October 3, 2016

Alzheimer's Association Greater Richmond, Inc.

Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents		
Money market account with broker	\$ 395,135	\$ 29,004
Accounts with other financial institutions	145,050	43,371
	<u>540,185</u>	<u>72,375</u>
Marketable securities, at fair value	-	465,967
Pledges receivable, net	43,223	117,703
Program service fees outstanding	38,552	92,575
Prepaid expenses	10,787	7,782
Due from National Office	53,895	-
Equipment, net of accumulated depreciation	10,688	7,876
	<u>697,330</u>	<u>764,278</u>
Total assets	<u>\$ 697,330</u>	<u>\$ 764,278</u>
Liabilities		
Due to National Office	\$ -	\$ 22,743
Accounts payable	10,224	18,981
Compensated absences and other accrued expenses	70,866	62,448
	<u>81,090</u>	<u>104,172</u>
Total liabilities	<u>81,090</u>	<u>104,172</u>
Net Assets		
Unrestricted (as restated)	507,279	498,106
Temporarily restricted (as restated)	108,961	162,000
	<u>616,240</u>	<u>660,106</u>
	<u>\$ 697,330</u>	<u>\$ 764,278</u>

Alzheimer's Association Greater Richmond, Inc.

Statements of Activities

Years ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions:						
Annual contributions	\$ 60,790	\$ -	\$ 60,790	\$ 75,250	\$ -	\$ 75,250
Bequests	293,695	40,902	334,597	63,318	-	63,318
Public support	49,539	-	49,539	38,556	-	38,556
Memorials and tributes	53,267	-	53,267	57,745	-	57,745
Other individuals	-	-	-	1,000	-	1,000
Other	26,984	-	26,984	46,425	-	46,425
Fundraising events	744,676	-	744,676	684,081	-	684,081
Foundation grants	13,365	72,500	85,865	25,200	98,500	123,700
Less: Net amount remitted to National Office (Note 7)	(115,408)	-	(115,408)	(151,342)	-	(151,342)
Total contributions	1,126,908	113,402	1,240,310	840,233	98,500	938,733
Donated rent, services, and event supplies	112,115	-	112,115	122,758	-	122,758
Investment income (loss)	(16,642)	-	(16,642)	2,896	-	2,896
Government grants	58,985	15,250	74,235	76,159	12,616	88,775
Program services	45,302	-	45,302	72,264	-	72,264
Total revenues	1,326,668	128,652	1,455,320	1,114,310	111,116	1,225,426
Net assets released from restrictions	181,691	(181,691)	-	123,204	(123,204)	-
Net public support, revenue, gains, and other support	1,508,359	(53,039)	1,455,320	1,237,514	(12,088)	1,225,426
Expenses						
Program - Professional training and services	155,552	-	155,552	141,029	-	141,029
Program - Public policy	23,388	-	23,388	19,970	-	19,970
Program - Research	5,000	-	5,000	5,000	-	5,000
Program - Public awareness	722,205	-	722,205	654,771	-	654,771
Program - Family and education services	291,438	-	291,438	276,147	-	276,147
Management and general	157,655	-	157,655	143,139	-	143,139
Fundraising	143,948	-	143,948	130,693	-	130,693
Total expenses	1,499,186	-	1,499,186	1,370,749	-	1,370,749
Change in net assets	9,173	(53,039)	(43,866)	(133,235)	(12,088)	(145,323)
Net assets, beginning of year	498,106	162,000	660,106	646,341	159,088	805,429
Prior period adjustment	-	-	-	(15,000)	15,000	-
Net assets, end of year (as restated for June 30, 2015)	<u>\$ 507,279</u>	<u>\$ 108,961</u>	<u>\$ 616,240</u>	<u>\$ 498,106</u>	<u>\$ 162,000</u>	<u>\$ 660,106</u>

Alzheimer's Association Greater Richmond, Inc.

Statement of Functional Expenses
Year ended June 30, 2016

	Professional Training and Services	Public Policy	Research	Public Awareness	Family and Education Services	Total Program Services	Management and General	Fundraising	Total
Grants and other assistance	\$ -	\$ -	\$ -	\$ -	\$ 69,221	\$ 69,221	\$ -	\$ -	\$ 69,221
Salaries and wages	81,079	5,791	-	376,437	115,827	579,134	85,385	77,960	742,479
Pension plan contributions	1,535	110	-	7,126	2,193	10,964	1,616	1,476	14,056
Other employee benefits	4,515	322	-	20,961	6,450	32,248	4,755	4,341	41,344
Payroll taxes	6,287	449	-	29,191	8,982	44,909	6,621	6,045	57,575
Accounting fees	1,755	125	-	8,150	2,508	12,538	1,849	1,688	16,075
Lobbying	-	12,279	-	-	-	12,279	-	-	12,279
Investment management fees	813	58	-	3,775	1,162	5,808	856	782	7,446
Other fees for services	8,875	634	-	41,203	12,678	63,390	9,346	8,533	81,269
Advertising and promotion	10,948	782	-	50,828	15,640	78,198	11,529	10,527	100,254
Office expense	3,373	241	-	15,659	4,818	24,091	3,552	3,243	30,886
Occupancy	4,921	351	-	22,846	7,030	35,148	5,182	4,731	45,061
Travel	4,120	294	-	19,129	5,886	29,429	4,339	3,962	37,730
Conferences, conventions, and meetings	5,644	403	-	26,206	8,063	40,316	5,944	5,427	51,687
Payments to affiliates	5,845	418	5,000	27,139	8,350	46,752	-	-	46,752
Depreciation	395	28	-	1,827	562	2,812	414	379	3,605
Insurance	640	46	-	2,974	915	4,575	674	616	5,865
Donated goods/services & use of facilities	12,243	874	-	56,843	17,490	87,450	12,893	11,772	112,115
All other expenses	2,564	183	-	11,911	3,663	18,321	2,700	2,466	23,487
	<u>\$ 155,552</u>	<u>\$ 23,388</u>	<u>\$ 5,000</u>	<u>\$ 722,205</u>	<u>\$ 291,438</u>	<u>\$ 1,197,583</u>	<u>\$ 157,655</u>	<u>\$ 143,948</u>	<u>\$ 1,499,186</u>

Alzheimer's Association Greater Richmond, Inc.

Statement of Functional Expenses
Year ended June 30, 2015

	Professional Training and Services	Public Policy	Research	Public Awareness	Family and Education Services	Total Program Services	Management and General	Fundraising	Total
Grants and other assistance	\$ -	\$ -	\$ -	\$ -	\$ 74,683	\$ 74,683	\$ -	\$ -	\$ 74,683
Salaries and wages	72,748	5,196	-	337,758	103,925	519,627	76,612	69,950	666,189
Pension plan contributions	1,320	94	-	6,126	1,885	9,425	1,390	1,269	12,084
Other employee benefits	2,559	183	-	11,884	3,656	18,282	2,695	2,461	23,438
Payroll taxes	5,733	409	-	26,618	8,190	40,950	6,037	5,512	52,499
Accounting fees	1,368	98	-	6,350	1,954	9,770	1,440	1,315	12,525
Lobbying	-	9,898	-	-	-	9,898	-	-	9,898
Investment management fees	958	68	-	4,450	1,369	6,845	1,009	921	8,775
Other fees for services	6,694	478	-	31,081	9,563	47,816	7,050	6,437	61,303
Advertising and promotion	4,776	341	-	22,175	6,823	34,115	5,030	4,592	43,737
Office expense	5,227	373	-	24,266	7,466	37,332	5,504	5,026	47,862
Occupancy	5,066	362	-	23,517	7,237	36,182	5,335	4,871	46,388
Travel	2,941	210	-	13,655	4,201	21,007	3,097	2,828	26,932
Conferences, conventions, and meetings	7,031	502	-	32,647	10,045	50,225	7,405	6,761	64,391
Payments to affiliates	5,106	365	5,000	23,707	7,294	41,472	-	-	41,472
Depreciation	399	28	-	1,845	567	2,839	418	382	3,639
Insurance	1,051	75	-	4,879	1,501	7,506	1,107	1,010	9,623
Donated goods/services & use of facilities	13,405	958	-	62,238	19,150	95,751	14,117	12,890	122,758
All other expenses	4,647	332	-	21,575	6,638	33,192	4,893	4,468	42,553
	<u>\$ 141,029</u>	<u>\$ 19,970</u>	<u>\$ 5,000</u>	<u>\$ 654,771</u>	<u>\$ 276,147</u>	<u>\$ 1,096,917</u>	<u>\$ 143,139</u>	<u>\$ 130,693</u>	<u>\$ 1,370,749</u>

Alzheimer's Association Greater Richmond, Inc.

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ (43,866)	\$ (145,323)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,605	3,639
Realized and unrealized losses on investments	39,662	16,402
Change in allowance for doubtful accounts	(41,803)	(18,677)
Change in unamortized discount on pledges	(2,357)	(5,397)
Decrease (increase) in assets:		
Pledges receivable	118,640	145,986
Program service fees outstanding	54,023	(68,481)
Prepaid expenses	(3,005)	15,611
Increase (decrease) in liabilities:		
Due to / from National Office	(76,638)	(100,023)
Accounts Payable	(8,757)	(2,168)
Compensated absences and other accrued expenses	8,418	13,630
Net cash provided by (used in) operating activities	<u>47,922</u>	<u>(144,801)</u>
Cash Flows From Investing Activities		
Purchases of equipment	(6,417)	(5,874)
Net proceeds from sales of marketable securities	426,305	71,653
Net cash provided by investing activities	<u>419,888</u>	<u>65,779</u>
Net increase (decrease) in cash and cash equivalents	467,810	(79,022)
Cash and cash equivalents, beginning of year	<u>72,375</u>	<u>151,397</u>
Cash and cash equivalents, end of year	<u>\$ 540,185</u>	<u>\$ 72,375</u>

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 1—Nature of Activities and Significant Accounting Policies

Organization: Alzheimer's Association Greater Richmond, Inc. (the Organization) is a not-for-profit, tax exempt organization dedicated to achieving its mission: to eliminate Alzheimer's disease through the advancement of research, to provide and enhance care and support for all effected, and to reduce the risk of dementia through the promotion of brain health. The Organization's mission is carried out through education, public awareness, advocacy, programs and services. The Association's primary sources of revenue and support are contributions from the public, foundations, and corporations.

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 Organization's financial statement presentation follows accounting principles generally accepted in the United States of America (GAAP). Under GAAP, 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 a present value discount for amounts due in one year or more and less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual 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 as revenue when collected. As of June 30, 2016 and 2015, the Organization's allowance for doubtful accounts was \$7,444 and \$49,247, respectively.

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

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

Valuation of marketable securities, at fair value: In accordance with GAAP, 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. In accordance with GAAP, a fair value hierarchy for inputs is 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 Organization 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 if donated, at fair value. 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 GAAP. GAAP 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 Walks to End Alzheimers, 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 Walks to End Alzheimers.

The Organization estimates the fair value of in-kind contributions for the years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Advertising	\$ 55,375	\$ 53,527
Helpline staff	5,280	5,280
Rent	35,435	39,635
Supplies	-	4,466
Workshop speakers	16,025	19,850
	<u>\$ 112,115</u>	<u>\$ 122,758</u>

Income taxes: The Organization is affiliated with the Alzheimer's Association (National Office) and is recognized by the National Office'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.

Use of estimates: The preparation of financial statements in accordance with GAAP 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.

Reclassifications: Certain amounts in the 2015 financial statements have been reclassified for comparative purposes to conform to the 2016 presentation.

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 2—Pledges Receivable

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

	<u>2016</u>	<u>2015</u>
Pledges receivable	\$ 52,109	\$ 170,749
Less: allowance for doubtful accounts	(7,444)	(49,247)
Less: present value discount - 3%	(1,442)	(3,799)
Net pledges receivable	<u>\$ 43,223</u>	<u>\$ 117,703</u>
Amount due in:		
Less than one year	\$ 33,471	\$ 85,905
One to three years	9,752	31,798
	<u>\$ 43,223</u>	<u>\$ 117,703</u>

Note 3—Restricted Contributions and Assets

The Organization periodically receives contributions that are temporarily restricted. Net assets as of June 30, 2016 and 2015 are temporarily restricted for the following purposes:

	<u>2016</u>	<u>2015</u>
Caregiver support	\$ 104,661	\$ 162,000
Public relations and awareness	4,300	-
	<u>\$ 108,961</u>	<u>\$ 162,000</u>

It is expected that the restrictions for all temporarily restricted net assets as of June 30, 2016 will be released through program expenditures in fiscal 2017.

As a result of these restrictions, the following assets as of June 30, 2016 and 2015 are restricted as to use:

	<u>2016</u>	<u>2015</u>
Cash, cash equivalents, and marketable securities	\$ 108,961	\$ 147,000
Pledges receivable	-	15,000
	<u>\$ 108,961</u>	<u>\$ 162,000</u>

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 4—Marketable Securities

In anticipation of the merger with the National Organization highlighted in Note 9, during the fiscal year ending June 30, 2016 the Organization liquidated all marketable securities and exchange traded funds, and now only holds cash and cash equivalents.

The Organization's marketable securities as of June 30, 2015 are summarized as follows:

June 30, 2015	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds			
Blackrock Funds Global Long/Short Cr Fd Invs I Shs	\$ 18,226	\$ 17,451	\$ (775)
Calamos Investment Trust New	12,773	12,880	107
Clearbridge Energy MLP Fund Income	14,321	15,007	686
Dodge & Cox International Stock Fund	24,154	24,152	(2)
Dodge & Cox Income Fund	37,692	37,232	(460)
Fidelity Advisor New Insights Fund - Class I	21,562	22,479	917
Fundamental Investors Inc. Class F2	23,332	26,917	3,585
JP Morgan Tr II Core BD FD Select Class	11,915	11,695	(220)
JPMorgan Income Builder Select	30,800	30,644	(156)
Loomis Sayles Strategic Income Y	23,670	22,635	(1,035)
Lord Abbett Short Duration Income Fund CI F	22,266	21,670	(596)
Matthews Pacific Tiger Fund	24,650	27,316	2,666
Oakmark International Fund	33,409	31,861	(1,548)
Pimco Income Fund Class P	19,730	19,180	(550)
Principal Funds Inc. Midcap Fund Class P	15,596	15,244	(352)
Templeton Global Total Return Fund Adv CI	22,010	20,547	(1,463)
Wisdomtree Europe Hedged Equity Fund	17,814	16,445	(1,369)
	373,920	373,355	(565)
Exchange Traded Funds			
Ishares US Consumer Services ETF	16,471	17,318	847
SPDR S&P Dividend ETF	14,525	17,071	2,546
Vanguard Dividend Appreciation ETF	21,412	23,417	2,005
Vanguard Information Technology ETF	13,229	16,891	3,662
Vanguard Health Care ETF	17,431	17,915	484
	83,068	92,612	9,544
Total Marketable Securities	\$ 456,988	\$ 465,967	\$ 8,979

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 4—Marketable Securities (Continued)

The Organization's marketable securities are categorized as Level 1 based on the fair value hierarchy discussed in Note 1.

Investment income for the years ended June 30, 2016 and 2015 is comprised of the following:

	2016	2015
Interest and dividends, net of fees	\$ 23,020	\$ 19,298
Change in unrealized gains (losses)	(8,979)	(33,292)
Realized gains (losses)	(30,683)	16,890
	<u>\$ (16,642)</u>	<u>\$ 2,896</u>

Note 5—Operating Leases

The Organization leases its facilities in Richmond, Virginia on a month-to-month basis under a cancelable arrangement with below-market rentals that totaled \$26,761 and \$28,556 for the years ended June 30, 2016 and 2015, respectively. The Organization estimates that the excess of the market rates of these leases over the amount paid totaled \$35,435 and \$39,635 for the years ended June 30, 2016 and 2015. 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, 2016 and 2015 amounted to \$44,486 and \$45,974, 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 and requires the Organization to contribute 2% of all eligible employees' salaries. These contributions amounted to \$14,056 and \$12,084 for the years ended June 30, 2016 and 2015, respectively, and are included in the accompanying statements of functional expenses with "pension plan contributions".

Alzheimer's Association Greater Richmond, Inc.

Notes to Financial Statements

Note 7—Shared Fundraising

The Organization has a shared fundraising program with the National Office in lieu of dues. For 2016, the program requires the Organization to remit 40% of its contributions received to the National Office. In return, the National Office must give the Organization credit for 60% of contributions it receives from the Greater Richmond area. The following summarizes the revenue activity for the years ended June 30, 2016 and 2015:

	2016	2015
Gross revenues from local chapter efforts	\$ 1,570,728	\$ 1,376,768
Amount due to the National Office	(496,342)	(355,974)
Amount credited from the National Office	380,934	204,632
Net amount remitted to the National Office	(115,408)	(151,342)
Total revenues, net of shared fundraising activity	<u>\$ 1,455,320</u>	<u>\$ 1,225,426</u>

In addition to the shared fundraising, the Organization paid the National Office \$5,000 for research for the years ended June 30, 2016 and 2015, respectively.

Note 8—Prior Period Adjustment

During 2016, it was determined that as of June 30, 2015, the temporarily restricted net assets were understated by \$15,000, and, the unrestricted net assets were overstated by \$15,000 as a result of an error in recording a contribution that was restricted for caregiver support and received in 2015. Accordingly, an adjustment was made in the June 30, 2015 statement of activities to reclassify the contribution from unrestricted net assets to temporarily restricted net assets.

Note 9—Subsequent Events

Subsequent events were evaluated through the date the financial statements were available to be issued which was October 3, 2016.

On October 17, 2015, the National Board of Directors approved reorganizing the independent chapters and the National Organization to operate as a single entity. This reorganization was completed at 12:01 am, July 1, 2016 at which time the Organization consolidated with the National Organization. From that date forward the Organization will no longer be an independent entity and will be included in the scope of the National Organization's financial statements. The Organization filed the appropriate documents with the State Corporation Commission to indicate that the merger occurred.