

**ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**JUNE 30, 2009 AND 2008**

**ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER**

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## **Independent Auditor's Report**

**Board of Directors  
Alzheimer's Association,  
New York City Chapter**

We have audited the accompanying balance sheet of Alzheimer's Association, New York City Chapter (Association) 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 Association'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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, New York City Chapter as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



September 10, 2009

**ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER**

**BALANCE SHEET**

**JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,764,739	\$ 1,096,606
Certificates of deposit	3,390,151	3,366,389
Investments (Note 3)	1,657,781	1,947,918
Due from Alzheimer's Association National Office (Note 9)	285,596	
Contributions receivable - net of allowance for doubtful accounts of \$10,000 in 2009 and 2008) (Note 4)	373,802	471,606
Accounts receivable	177,538	193,646
Other assets	145,625	111,245
Fixed assets - net (Note 5)	<u>1,263,965</u>	<u>1,438,278</u>
Total assets	<u>\$ 9,059,197</u>	<u>\$ 8,625,688</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 145,407	\$ 99,684
Due to Alzheimer's Association National Office (Note 9)	537,755	
Deferred rent (Notes 2 and 10)	824,067	875,991
Annuity payment obligations (Note 2)	<u>27,805</u>	<u>28,370</u>
Total liabilities	<u>1,535,034</u>	<u>1,004,045</u>
<b>Net assets (Exhibit B)</b>		
Unrestricted	6,602,357	6,622,871
Temporarily restricted (Note 7)	661,539	738,331
Permanently restricted (Note 8)	<u>260,267</u>	<u>260,441</u>
Total net assets	<u>7,524,163</u>	<u>7,621,643</u>
Total liabilities and net assets	<u>\$ 9,059,197</u>	<u>\$ 8,625,688</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER

EXHIBIT B

STATEMENT OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, losses and other support								
Contributions								
Individuals	\$ 698,828	\$ 396,646		\$ 1,095,474	\$ 859,234	\$ 140,420		\$ 999,654
Corporate and foundations	145,351	257,393		402,744	365,085	650,000		1,015,085
Bequests	2,141,244	51,849		2,193,093	2,073,063		\$ 22,230	2,095,293
Revenue earned under Shared Fundraising Agreement (Note 2)	1,612,805			1,612,805				
Less National's portion of Shared Fundraising Agreement (Note 2)	(1,674,768)			(1,674,768)				
Special events	1,910,440	56,920		1,967,360	2,296,343			2,296,343
Less costs of direct benefits of special events	(110,810)			(110,810)	(160,204)			(160,204)
Government grants	210,357			210,357	112,405			112,405
Program service revenues	114,622			114,622	187,718			187,718
Investment income (including realized losses) (Note 3)	190,097		\$ (174)	189,923	226,393		370	226,763
Unrealized losses on investments (Note 3)	(343,108)			(343,108)	(206,350)			(206,350)
Net assets released from restrictions (Note 7)	839,600	(839,600)			449,654	(449,654)		
Total revenues, gains, losses and other support	5,734,658	(76,792)	(174)	5,657,692	6,203,341	340,766	22,600	6,566,707
Expenses and losses								
Program services								
Patient and family services	1,669,252			1,669,252	1,543,106			1,543,106
Public awareness and education	2,608,409			2,608,409	2,368,520			2,368,520
Public policy	162,110			162,110	227,676			227,676
Research	282,474			282,474	109,976			109,976
Supporting services								
Management and general	499,297			499,297	498,965			498,965
Fund raising	533,630			533,630	798,226			798,226
Total expenses (Exhibit C)	5,755,172			5,755,172	5,546,469			5,546,469
Change in net assets (Exhibit D)	(20,514)	(76,792)	(174)	(97,480)	656,872	340,766	22,600	1,020,238
Net assets - beginning of year	6,622,871	738,331	260,441	7,621,643	5,965,999	397,565	237,841	6,601,405
Net assets - end of year (Exhibit A)	\$ 6,602,357	\$ 661,539	\$ 260,267	\$ 7,524,163	\$ 6,622,871	\$ 738,331	\$ 260,441	\$ 7,621,643

See independent auditor's report.

The accompanying notes are an integral part of these statements.

ALZHEIMER'S ASSOCIATION,  
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EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2009 AND 2008

	Program Services				Supporting Services		Cost of Direct	Total 2009
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	Benefits of Special Events	
Salaries	\$ 792,695	\$ 1,138,317	\$ 66,963		\$ 214,707	\$ 195,070		\$ 2,407,752
Fringe benefits	196,718	272,721	17,201		56,346	47,852		590,838
Professional services and contract service payments	91,501	130,133	42,496		78,499	23,441		366,070
Supplies	28,497	117,170	1,320		12,031	53,600		212,618
Telephone	9,455	10,702	993		9,648	1,466		32,264
Postage and shipping	8,842	94,447	19		5,512	33,907		142,727
Occupancy	226,332	286,438	568		64,610	33,600		611,548
Insurance	4,606	6,494			1,908	1,910		14,918
Printing and publications	14,362	223,800	618		4,557	37,450		280,787
Staff development	2,820	4,561	29,687		2,669	2,247		41,984
Conferences	7,088	151,589				19,764	\$ 110,810	289,251
Travel	7,090	21,106	1,879		11,726	6,486		48,287
Research grants and allocations	3,213	3,488		\$ 282,474	1,000			290,175
Client services	189,485	43,400						232,885
Bad debt						10,000		10,000
Depreciation and amortization	79,751	79,751			26,583	26,583		212,668
Miscellaneous	6,797	24,292	366		9,501	40,254		81,210
Total expenses	1,669,252	2,608,409	162,110	282,474	499,297	533,630	110,810	5,865,982
Cost of direct benefits of special events							(110,810)	(110,810)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,669,252	\$ 2,608,409	\$ 162,110	\$ 282,474	\$ 499,297	\$ 533,630	\$ -	\$ 5,755,172

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ALZHEIMER'S ASSOCIATION,  
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EXHIBIT C

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STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2009 AND 2008

	Program Services				Supporting Services		Cost of Direct	Total 2008
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	Benefits of Special Events	
Salaries	\$ 635,636	\$ 883,984	\$ 67,139		\$ 203,812	\$ 322,355		\$ 2,112,926
Fringe benefits	149,615	203,634	16,434		56,521	81,370		507,574
Professional services and contract service payments	110,245	144,381	42,510		78,926	38,022		414,084
Supplies	36,045	110,614	855		12,275	49,181	\$ 12,269	221,239
Telephone	8,950	8,626	1,111		8,613	3,310		30,610
Postage and shipping	11,003	85,745	18		6,720	39,234		142,720
Occupancy	217,641	216,214	485		74,557	74,746		583,643
Insurance	8,326	8,326			2,817	2,705		22,174
Printing and publications	44,595	191,266	771		4,762	41,906	10,171	293,471
Staff development	4,957	7,005	25,134		1,998	1,846		40,940
Conferences	35,832	182,979	167		165	81,295	137,764	438,202
Travel	10,255	18,643	2,145		12,062	5,600		48,705
Research grants and allocations				\$ 109,976				109,976
Chapter dues	61,565	139,132	70,515					271,212
Client services	126,413	67,042						193,455
Bad debt		10,000						10,000
Depreciation and amortization	74,699	79,191			25,640	25,590		205,120
Miscellaneous	7,329	11,738	392		10,097	31,066		60,622
Total expenses	1,543,106	2,368,520	227,676	109,976	498,965	798,226	160,204	5,706,673
Cost of direct benefits of special events							(160,204)	(160,204)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,543,106	\$ 2,368,520	\$ 227,676	\$ 109,976	\$ 498,965	\$ 798,226	\$ -	\$ 5,546,469

See independent auditor's report.

The accompanying notes are an integral part of these statements.



## EXHIBIT D

ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER

## STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (97,480)	\$ 1,020,238
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for investments in endowment		(22,230)
Actuarial loss on annuity obligations	2,687	1,722
Unrealized loss on investments	343,108	206,350
Donated stock	(47,730)	
Depreciation and amortization	212,668	205,120
Decrease (increase) in assets		
Contributions receivable	97,804	162,655
Due from Alzheimer's Association National Office	(285,596)	
Accounts receivable	16,108	(19,738)
Other assets	(34,380)	(37,420)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	45,723	(52,636)
Due to Alzheimer's Association National Office	537,755	
Deferred rent	(51,924)	(39,567)
Net cash provided by operating activities	<u>738,743</u>	<u>1,424,494</u>
Cash flows from investing activities		
Fixed asset acquisitions	(38,355)	(45,283)
Proceeds from sale of investments	404,439	267,121
Purchase of investments	(409,680)	(203,638)
Increase in certificates of deposit	(23,762)	(679,407)
Net cash used by investing activities	<u>(67,358)</u>	<u>(661,207)</u>
Cash flows from financing activities		
Proceeds from contributions restricted for investments in endowment		22,230
Annuity obligation payments	(3,252)	(2,669)
Net cash provided (used) by financing activities	<u>(3,252)</u>	<u>19,561</u>
Net increase in cash and cash equivalents	668,133	782,848
Cash and cash equivalents - beginning of year	<u>1,096,606</u>	<u>313,758</u>
Cash and cash equivalents - end of year	<u>\$ 1,764,739</u>	<u>\$ 1,096,606</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.



**ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 1 - NATURE OF ORGANIZATION**

Alzheimer's Association, New York City Chapter (the "Chapter") was incorporated under the Not-for-Profit Law of the State of New York on May 7, 1985. The mission of the New York City Chapter of the Alzheimer's Association is to create and promote comprehensive and humane care and treatment for persons with Alzheimer's disease and related disorders, and to provide support for their family and professional caregivers. The Chapter meets this mission in the community through increasing public awareness, providing education, creating and encouraging replication of model programs, collaborating with research centers, and undertaking advocacy. Its primary sources of funding are contributions and special events.

The Chapter is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting*** - The financial statements are prepared on the accrual basis.

***Cash and cash equivalents*** - Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

***Fixed assets*** - Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over ten years. The Chapter capitalizes property and equipment acquisitions over \$500, as well as expenditures that increase the life of existing assets.

***Contributions*** - The Chapter reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

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ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Shared fundraising agreement*** - Effective July 1, 2008, the Chapter and the Alzheimer's Association National Office ("National") entered into a Shared Fundraising Agreement ("the Fundraising Agreement"). The Fundraising Agreement is designed to coordinate and unify fundraising efforts by means of direct marketing, planned gifts, major gifts, corporate and foundation relations, general development and special events in New York City. Under the Fundraising Agreement, the Chapter and National allocate percentages of shared revenues, as defined, among the Chapter, National and the Mission Fund, based on percentages contained in the Fundraising Agreement. The Mission Fund was established as part of the Fundraising Agreement to benefit National and all of its chapters as a whole. Gifts restricted for a specific purpose are recognized as revenue by the party fulfilling the restriction and are not shared revenues. Under the terms of the Fundraising Agreement, the Chapter is not required to pay dues to National.

***Net assets*** - Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors. Temporarily restricted net assets are those net assets that are restricted by the donors for specific purposes. Permanently restricted net assets are those net assets whose principal may not be expended. The donors may or may not restrict the use of investment income.

***Functional reporting*** - The costs of providing the Chapter's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Contributions receivable*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

***Donated services*** - Many individuals volunteer their time and perform a variety of tasks that assist the Chapter with specific assistance programs, campaign solicitations and various committee assignments. No expense is reflected in these financial statements, since the services provided do not meet the criteria for recognition under FASB Statement No. 116.

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ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

***Charitable gift annuities*** - The Chapter's investments include funds subject to charitable gift annuities. Contribution revenues for charitable gift annuities are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors and/or other beneficiaries. The present value of payments to beneficiaries of charitable gift annuities is calculated using a 6% discount rate. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statement of activities. The present value of the annuities is classified as unrestricted net assets. The fair market value of the investments is \$35,740 and \$38,187 at June 30, 2009 and 2008, respectively.

***Investments*** - Investments are stated at fair market value. The Chapter invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term based upon the markets' fluctuations and that such changes could materially affect the Chapter's balance sheet.

***Revenues and accounts receivable*** - Revenues and accounts receivable from program service fees are recognized when earned. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, the Chapter establishes advances from government funders.

***Allowance for doubtful accounts*** - The Chapter determines whether an allowance of uncollectibles should be provided for accounts and contributions receivables. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Accounts and contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables.

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ALZHEIMER'S ASSOCIATION,  
NEW YORK CITY CHAPTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Operating leases*** - Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent has been recorded for the difference between the fixed payment and rent expense.

***Fair Value Measurements***

Financial Accounting Standards Board (FASB) Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157), establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Chapter has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2009.

***Mutual funds*** - Valued at the net asset value ("NAV") of shares held at year end.

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**ALZHEIMER'S ASSOCIATION,  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Fair Value Measurements (continued)***

***Certificates of deposit*** - Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

***Equities*** - Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Chapter believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,652,416	\$ -	\$ -	\$ 1,652,416
Certificates of deposit		3,390,151		3,390,151
Equities	<u>5,365</u>	<u>-</u>	<u>-</u>	<u>5,365</u>
	<u>\$ 1,657,781</u>	<u>\$ 3,390,151</u>	<u>\$ -</u>	<u>\$ 5,047,932</u>

SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of SFAS No. 115* (SFAS No. 159), permits but does not require measurement of financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. As the Chapter did not elect to fair value any of the financial instruments under the provisions of SFAS No. 159, the adoption of this statement effective January 1, 2008 did not have an impact on the financial statements.

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**ALZHEIMER'S ASSOCIATION,  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***FASB Interpretation No. 48 - Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109 (FIN 48)***

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 was effective for fiscal years beginning after December 15, 2006. On November 7, 2007, the FASB voted to defer FIN 48 for one year until fiscal years beginning after December 15, 2007. On October 15, 2008, the FASB voted to continue the deferral of FIN 48 for non-public companies and not-for-profits for an additional year until fiscal years beginning after December 15, 2008. On July 8, 2009, the FASB decided that the final accounting standards update will be effective for periods ending after September 15, 2009.

As FIN 48 has not yet been adopted, the Chapter is continuing to use FASB Statement No. 5, *Accounting for Contingencies* (FAS 5) to evaluate uncertain tax positions. The Chapter is currently evaluating the impact on the financial statements of adopting FIN 48.

***Reclassification*** - Certain amounts have been reclassified to conform to the current year's presentation.

***Cash flows*** - Certificates of deposit are considered investments for purposes of cash flow reporting.

**NOTE 3 - INVESTMENTS**

	<u>2009</u>	<u>2008</u>
Mutual funds	\$ 1,652,416	\$ 1,940,641
Equities	<u>5,365</u>	<u>7,277</u>
	<u>\$ 1,657,781</u>	<u>\$ 1,947,918</u>
Investment income consists of:		
Interest income and dividends	\$ 190,785	\$ 226,763
Unrealized loss	(343,108)	(206,350)
Realized loss	<u>(862)</u>	<u></u>
	<u>\$ (153,185)</u>	<u>\$ 20,413</u>

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**ALZHEIMER'S ASSOCIATION,  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

All unconditional contributions receivable have been recorded at present value and are due in one year.

**NOTE 5 - FIXED ASSETS**

	<u>2009</u>	<u>2008</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 1,426,745	\$ 1,412,916	10 years
Equipment	<u>409,193</u>	<u>384,667</u>	3 - 7 years
	1,835,938	1,797,583	
Less accumulated depreciation and amortization	<u>(571,973)</u>	<u>(359,305)</u>	
	<u>\$ 1,263,965</u>	<u>\$ 1,438,278</u>	

**NOTE 6 - PENSION PLAN**

The Chapter has a defined contribution pension plan for all eligible employees. The Chapter's contributions are equal to 5% of each employee's annual compensation. Pension expense for the years ended June 30, 2009 and 2008 was \$88,679 and \$87,723, respectively.

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Patient and family services	\$ 299,452	\$ 309,387
Public awareness and education	<u>362,087</u>	<u>428,944</u>
	<u>\$ 661,539</u>	<u>\$ 738,331</u>

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**ALZHEIMER'S ASSOCIATION,  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS (continued)**

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the following:

	<u>2009</u>	<u>2008</u>
Patient and family services	\$ 219,155	\$ 189,827
Public awareness and education	337,972	259,827
Research	<u>282,473</u>	<u>          </u>
	<u>\$ 839,600</u>	<u>\$ 449,654</u>

**NOTE 8 - ENDOWMENT FUNDS**

**General**

The Chapter's endowment consists of four individual donor-restricted endowment funds established to create and promote comprehensive and humane care and treatment for persons with Alzheimer's disease and related disorders, and to provide support for their family and professional caregivers. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of the Alzheimer's Association, New York City Chapter has interpreted the Uniform Management Institutional Funds Act (UMIFA) 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 and the Foundation 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.

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**ALZHEIMER'S ASSOCIATION,  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 8 - ENDOWMENT FUNDS (continued)**

**Return Objectives, Strategies Employed and Spending Policy**

The objective of the Chapter is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low risk investments. Investment income earned in relation to the endowment funds is recorded as unrestricted income except for 10% of investment earnings attributable to the Estate of John Marshall reinvested in the permanently restricted net assets.

**Funds with Deficiencies**

The Chapter does not have any funds with deficiencies.

**Endowment Net Asset Composition by Type of Fund as of June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Estate of John Marshall	\$ 52,869	\$ 53,043
Louis and Mildred Davis	50,000	50,000
Cappiello-Finocchiaro	51,949	51,949
The Baschkopf Family	<u>105,449</u>	<u>105,449</u>
	<u>\$ 260,267</u>	<u>\$ 260,441</u>

**Changes in Endowment Net Assets for the Year Ended June 30, 2009**

	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 260,441
Investment income	
Unrealized losses	<u>(174)</u>
Endowment net assets, end of year	<u>\$ 260,267</u>

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**ALZHEIMER'S ASSOCIATION,  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 9 - SHARED FUNDRAISING AGREEMENT**

During the year ended June 30, 2009, under the Fundraising Agreement with National, the Chapter received 65% of shared revenues from National, and paid to National 35% of shared revenues. As of June 30, 2009 the Chapter owes National \$537,755, and National owes the Chapter \$285,596, representing the reconciliation of shared revenues allocated under the terms of the Fundraising Agreement.

**NOTE 10 - LEASE AGREEMENT**

The Chapter signed a lease for new office space in its current building in June 2006. The new lease has a term of ten years which includes a six month concession and expires in July 2016. The new lease is being amortized on the straight line basis over the lease term. The old lease terminated upon occupancy of the new office space in November 2006. The commitments are as follows:

2010	\$ 620,119
2011	633,063
2012	661,246
2013	675,115
2014	689,296
Thereafter	<u>1,422,418</u>
Total	<u>\$ 4,701,257</u>

Rent expense was \$554,504 for the years ended June 30, 2009 and 2008. During 2009 and 2008, actual cash paid for rent was \$606,428 and \$594,071, respectively.

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**ALZHEIMER'S ASSOCIATION,  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**NOTE 11 - JOINT COSTS**

The Chapter conducted activities that included requests for contributions as well as program components and incurred joint costs. These activities included special events, Junior Committee and the Women In Action. Joint costs were allocated between program services and fund raising as follows:

	<u>2009</u>	<u>2008</u>
Program services	\$ 190,315	\$ 177,388
Fund raising	<u>326,892</u>	<u>357,383</u>
	<u>\$ 517,207</u>	<u>\$ 534,771</u>

**NOTE 12 - CONCENTRATIONS**

Financial instruments which potentially subject Alzheimer's Association, New York City Chapter to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.