

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER

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ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010				2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains, losses and other support								
Contributions								
Individuals	\$ 438,712	\$ 493,506	\$ -	\$ 932,218	\$ 698,828	\$ 396,646	\$ -	\$ 1,095,474
Corporate and foundations	107,668	327,198	-	434,866	145,351	257,393	-	402,744
Bequests	3,109,769	21,746	-	3,131,515	2,141,244	51,849	-	2,193,093
Special Events	2,577,418	27,849	-	2,605,267	1,910,440	56,920	-	1,967,360
Less: Costs of direct benefits of special events	(174,470)	-	-	(174,470)	(110,810)	-	-	(110,810)
Revenue earned under Shared Fundraising Agreement	1,507,176	-	-	1,507,176	1,612,805	-	-	1,612,805
Less: National's portion of Shared Fundraising Agreement	(2,241,866)	-	-	(2,241,866)	(1,674,768)	-	-	(1,674,768)
Government grants	231,346	-	-	231,346	210,357	-	-	210,357
Program service revenues	54,583	-	-	54,583	114,622	-	-	114,622
Investment income (including realized losses)	152,162	-	278	152,440	190,097	-	(174)	189,923
Unrealized gain (loss) on investments	146,510	-	-	146,510	(343,108)	-	-	(343,108)
Net assets released from restrictions	773,484	(773,484)	-	-	839,600	(839,600)	-	-
Total revenues, gains, losses and other support	6,682,492	96,815	278	6,779,585	5,734,658	(76,792)	(174)	5,657,692
Expenses								
Program services								
Patient and family services	1,888,352	-	-	1,888,352	1,669,252	-	-	1,669,252
Public awareness and education	1,735,562	-	-	1,735,562	2,608,409	-	-	2,608,409
Public policy	139,149	-	-	139,149	162,110	-	-	162,110
Research	235,361	-	-	235,361	282,474	-	-	282,474
Supporting services								
Management and general	705,182	-	-	705,182	499,297	-	-	499,297
Fundraising	719,235	-	-	719,235	533,630	-	-	533,630
Total expenses	5,422,841	-	-	5,422,841	5,755,172	-	-	5,755,172
Change in net assets	1,259,651	96,815	278	1,356,744	(20,514)	(76,792)	(174)	(97,480)
Net assets, beginning of year	6,602,357	661,539	260,267	7,524,163	6,622,871	738,331	260,441	7,621,643
Net assets, end of year	\$ 7,862,008	\$ 758,354	\$ 260,545	\$ 8,880,907	\$ 6,602,357	\$ 661,539	\$ 260,267	\$ 7,524,163

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

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Program Services				Supporting Services		Cost of Direct Benefits of Special Events	Total 2010
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising		
Salaries	\$ 913,636	\$ 670,525	\$ 72,172	\$ -	\$ 356,534	\$ 280,630	\$ -	\$ 2,293,497
Fringe benefits	226,675	192,827	19,126	-	94,438	74,465	-	607,531
Professional services and contract service payments	77,832	132,003	15,000	-	65,865	22,782	-	313,482
Supplies	44,115	75,837	82	-	11,864	55,822	-	187,720
Telephone	9,373	7,237	-	-	9,042	2,930	-	28,582
Postage and shipping	16,151	59,134	22	-	3,781	30,521	-	109,609
Occupancy	270,765	181,944	-	-	94,005	61,471	-	608,185
Insurance	6,007	5,083	-	-	3,698	1,386	-	16,174
Printing and publications	53,037	115,998	110	-	5,516	55,113	-	229,774
Staff development	1,333	1,107	25,805	-	-	100	-	28,345
Conferences	3,740	136,486	831	-	6,574	48,032	174,470	370,133
Travel	11,242	9,448	5,951	-	12,303	6,100	-	45,044
Research grants and allocations	575	500	-	235,361	500	-	-	236,936
Client services	173,936	21,850	-	-	-	-	-	195,786
Bad debt	-	-	-	-	-	10,000	-	10,000
Depreciation and amortization	69,721	91,174	-	-	32,179	21,453	-	214,527
Miscellaneous	10,214	34,409	50	-	8,883	48,430	-	101,986
Total expenses	1,888,352	1,735,562	139,149	235,361	705,182	719,235	174,470	5,597,311
Cost of direct benefits of special events	-	-	-	-	-	-	(174,470)	(174,470)
Total expenses reported by function on the statement of activities	\$ 1,888,352	\$ 1,735,562	\$ 139,149	\$ 235,361	\$ 705,182	\$ 719,235	\$ -	\$ 5,422,841

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

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
STATEMENTS OF FUNCTIONAL EXPENSES (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Program Services				Supporting Services		Cost of Direct Benefits of Special Events	Total 2009
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising		
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	\$ 1,669,252	\$ 2,608,409	\$ 162,110	\$ 282,474	\$ 499,297	\$ 533,630	\$ -	\$ 5,755,172

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



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Alzheimer's Association, New York City Chapter (the "Chapter") as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Chapter's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year information has been derived from the Chapter's 2009 financial statements. These statements were audited by other auditors whose report dated September 10, 2009, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides 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, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Grassi & Co., CPAs, P.C.

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Jericho, New York
September 3, 2010

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ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,307,696	\$ 1,764,739
Certificates of deposit	3,142,549	3,390,151
Investments	1,840,552	1,657,781
Due from Alzheimer's Association National Office	269,594	285,596
Contributions receivable - net of allowance for doubtful accounts of \$12,000 in 2010 and \$10,000 in 2009	421,178	373,802
Accounts receivable	164,736	177,538
Other assets	159,878	145,625
Fixed assets - net	<u>1,060,993</u>	<u>1,263,965</u>
 TOTAL ASSETS	 <u>\$ 10,367,176</u>	 <u>\$ 9,059,197</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 194,240	\$ 145,407
Due to Alzheimer's Association National Office	502,389	537,755
Deferred rent	759,065	824,067
Annuity payment obligations	<u>30,575</u>	<u>27,805</u>
 TOTAL LIABILITIES	 <u>1,486,269</u>	 <u>1,535,034</u>
COMMITMENTS AND CONTINGENCIES		
Net assets		
Unrestricted		
Board designated	424,000	-
Operating	<u>7,438,008</u>	<u>6,602,357</u>
 Total unrestricted	 7,862,008	 6,602,357
Temporarily restricted	758,354	661,539
Permanently restricted	<u>260,545</u>	<u>260,267</u>
 TOTAL NET ASSETS	 <u>8,880,907</u>	 <u>7,524,163</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 10,367,176</u>	 <u>\$ 9,059,197</u>

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

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,356,744	\$ (97,480)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial (gain) loss on annuity obligations	6,190	2,687
Unrealized (gain) loss on investments	(146,510)	343,108
Donated stock	(82,031)	(47,730)
Depreciation and amortization	214,527	212,668
Changes in assets (increase) decrease:		
Due from Alzheimer's Association National Office	16,002	(285,596)
Contributions receivable	(47,376)	97,804
Accounts receivable	12,802	16,108
Other assets	(14,253)	(34,380)
Changes in liabilities increase (decrease):		
Accounts payable and accrued expenses	48,833	45,723
Due to Alzheimer's Association National Office	(35,366)	537,755
Deferred rent	<u>(65,002)</u>	<u>(51,924)</u>
Net cash provided by operating activities	<u>1,264,560</u>	<u>738,743</u>
Cash flows from investing activities:		
Proceeds from sale of investments	104,133	404,439
Fixed asset acquisitions	(11,555)	(38,355)
Purchase of investments	(58,363)	(409,680)
Decrease (increase) in certificates of deposit	<u>247,602</u>	<u>(23,762)</u>
Net cash provided by (used in) investing activities	<u>281,817</u>	<u>(67,358)</u>
Cash flows from financing activities:		
Annuity obligation payments	<u>(3,420)</u>	<u>(3,252)</u>
Net cash used in financing activities	<u>(3,420)</u>	<u>(3,252)</u>
Net increase in cash and cash equivalents	1,542,957	668,133
Cash and cash equivalents - beginning of year	<u>1,764,739</u>	<u>1,096,606</u>
Cash and cash equivalents - end of year	<u>\$ 3,307,696</u>	<u>\$ 1,764,739</u>

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

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature and Purpose 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 Chapter 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 families 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. Equipment is depreciated between three and seven years.

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.

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.

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Shared Fundraising Agreement (cont'd.)

Under the Fundraising Agreement, the Chapter and National allocate percentages of shared revenues, based on cash received, 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 not considered part of shared revenues. Under the terms of the Fundraising Agreement, the Chapter is not required to pay dues to National.

During the years ended June 30, 2010 and 2009, under the Fundraising Agreement with National, the Chapter received 63% and 65% of shared revenues from National, and paid to National 37% and 35% of shared revenues, respectively. Unrestricted revenues from the Rita Hayworth Gala are shared (net of direct donor benefit) in a reverse split: Chapter received 30%, National received 70%.

Net Assets

Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors. Board designated funds represent funds designated by the board of directors as a special allocation for enhancing specific program activities. 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.

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (cont'd.)

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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605.

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 \$40,719 and \$35,740 at June 30, 2010 and 2009, respectively.

Fair Value of Financial Instruments

Fair value is defined 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. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value of Financial Instruments (cont'd.)

Level 3 - Valuations based on unobservable inputs reflecting the Chapter's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At June 30, 2010, the cost basis of the Chapter's financial instruments including cash and cash equivalents, certificates of deposit, contributions, accounts receivable, accounts payable, and annuity obligations approximated fair value due to the short maturity of these instruments.

Refer to Note 4 - Fair Value Measurements for assets and liabilities measured at fair value.

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 receivable. 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. As of June 30, 2010 and 2009, the Chapter has recorded an allowance for doubtful accounts of approximately \$12,000 and \$10,000, respectively.

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.

Accounting for Uncertainty in Income Taxes

Effective July 1, 2009, the Chapter adopted the provisions pertaining to uncertain tax provisions (FASB ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Subsequent Events

The Chapter has evaluated all events or transactions that occurred after June 30, 2010 through the date of the audit of this report. During this period, there were no material subsequent events requiring disclosure.

Cash Flows

Certificates of deposit are considered investments for purposes of cash flow reporting.

New Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 ("ASU 2010-06") requiring reporting entities to make new disclosures about recurring or nonrecurring fair value measurements including significant transfers into and out of Level 1 and Level 2 fair value measurements, and information on purchases, sales, issuances and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. The guidance is effective for interim and annual reporting periods after December 15, 2009, except for Level 3 reconciliation disclosures, which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of ASU 2010-06 did not have a significant impact on the Chapter's financial statements.

Note 3 - Concentration of Credit Risk

Substantially all of the Chapter's cash and cash equivalent balances are maintained in four financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution and unlimited coverage for non-interest bearing accounts. From time to time, the Chapter's balances may exceed this limit. At June 30, 2010, uninsured balances were approximately \$1,925,000. The Chapter believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 4 - Fair Value Measurements

The Chapter measures its marketable securities at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 4 - Fair Value Measurements (cont'd.)

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect the Chapter's own assumptions of market participant valuation (unobservable inputs).

Items Measured at Fair Value on a Recurring Basis

The following table presents the Chapter's assets that are measured at fair value on a recurring basis at June 30, 2010:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Mutual Funds	\$ 1,835,327	\$ 1,835,327	\$ -	\$ -
Equities	<u>5,225</u>	<u>5,225</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 1,840,552</u>	<u>\$ 1,840,552</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents the Chapter's assets that are measured at fair value on a recurring basis at June 30, 2009:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Mutual Funds	\$ 1,652,416	\$ 1,652,416	\$ -	\$ -
Equities	<u>5,365</u>	<u>5,365</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 1,657,781</u>	<u>\$ 1,657,781</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Investment Income

	<u>2010</u>	<u>2009</u>
Investment income consists of:		
Interest and dividend income	\$ 152,586	\$ 190,785
Realized loss	<u>(146)</u>	<u>(862)</u>
	<u>\$ 152,440</u>	<u>\$ 189,923</u>

Note 6 - Contributions Receivable

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

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 7 - Fixed Assets

Fixed assets, net, consists of the following:

	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 1,426,745	\$ 1,426,745
Equipment	<u>420,748</u>	<u>409,193</u>
	1,847,493	1,835,938
Less: Accumulated depreciation and amortization	<u>786,500</u>	<u>571,973</u>
	<u>\$ 1,060,993</u>	<u>\$ 1,263,965</u>

Depreciation and amortization expense related to fixed assets amounted to \$214,527 and \$212,668 for the years ended June 30, 2010 and 2009, respectively.

Note 8 - 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, 2010 and 2009 was \$101,823 and \$88,679, respectively.

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Patient and family services	\$ 272,165	\$ 299,452
Public awareness and education	<u>486,189</u>	<u>362,087</u>
	<u>\$ 758,354</u>	<u>\$ 661,539</u>

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

	<u>2010</u>	<u>2009</u>
Patient and family services	\$ 116,606	\$ 219,155
Public awareness and education	418,517	337,972
Public policy	3,000	-
Research	<u>235,361</u>	<u>282,473</u>
	<u>\$ 773,484</u>	<u>\$ 839,600</u>

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 10 - 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 families 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 Chapter 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.

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.

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 10 - Endowment Funds (cont'd.)

Endowment Net Asset Composition by Type of Fund as of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Estate of John Marshall	\$ 53,147	\$ 52,869
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>\$ 260,545</u>	<u>\$ 260,267</u>

Changes in Endowment Net Assets for the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Endowment net assets, beginning of year	\$ 260,267	\$ 260,441
Investment income:		
Unrealized gains (losses)	<u>278</u>	<u>(174)</u>
Endowment net assets, end of year	<u>\$ 260,545</u>	<u>\$ 260,267</u>

Note 11 - Lease Agreement

The Chapter leases office space under a lease with a term of ten years, which included a six-month concession, and expires in July 2016. The lease is being amortized on the straight-line basis over the lease term. Additionally, the Chapter leases office equipment with lease payments through December 2013. The commitments are as follows:

<u>Years Ending June 30:</u>	
2011	\$ 650,097
2012	677,543
2013	683,665
2014	692,318
2015	704,102
Thereafter	<u>750,759</u>
	<u>\$ 4,158,484</u>

Rent expense was \$563,498 and \$564,191 for the years ended June 30, 2010 and 2009, respectively. During the years ended June 30, 2010 and 2009, actual cash paid for rent was \$619,507 and \$606,428, respectively.

ALZHEIMER'S ASSOCIATION, NEW YORK CITY CHAPTER
NOTES TO FINANCIAL STATEMENTS

Note 12 - 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 as Memory Walk, Gala, Bike-A-Thon and Junior Committee events inclusive of the Marathon. Joint costs were allocated between program services and fundraising as follows:

	<u>2010</u>	<u>2009</u>
Program services	\$ 279,118	\$ 190,315
Fundraising	<u>474,803</u>	<u>326,892</u>
	<u>\$ 753,921</u>	<u>\$ 517,207</u>