

*Financial Statements*

**ALZHEIMER'S  
GREATER LOS ANGELES**

June 30, 2016



# HENSIEK & CARON

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Alzheimer's Greater Los Angeles

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alzheimer's Greater Los Angeles, a nonprofit corporation ("the Organization"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Greater Los Angeles as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

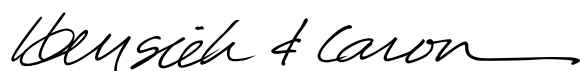
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 15, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2015 financial statements, and our report dated September 28, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, California  
November 15, 2016

**ALZHEIMER'S GREATER LOS ANGELES**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**  
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

**ASSETS**

|   | <b>2016</b>         | <b>2015</b>          |
|---|---------------------|----------------------|
| <b>Current Assets</b>   |                     |                      |
| Cash and cash equivalents   | \$ 708,101          | \$ 1,502,848         |
| Grants receivable - government, state and federal   | 247,626             | 246,097              |
| Grants receivable - other   | -                   | 11,459               |
| Other receivables, net of allowance for uncollectible<br>accounts of \$1,264 in 2016 and 2015 | 274                 | 18,805               |
| Accrued interest  | 29,884              | 37,022               |
| Bequests receivable   | 395,940             | 177,100              |
| Pledges receivable  | 27,000              | 65,000               |
| Due from Alzheimer's Association  | -                   | 359,839              |
| Investments   | 7,154,197           | 7,655,894            |
| Prepaid expenses  | 106,376             | 74,920               |
| <b>Total Current Assets</b>   | <b>8,669,398</b>    | <b>10,148,984</b>    |
| <b>Cash and Investments Restricted for Long-term Purposes</b>                                 | <b>700,000</b>      | <b>700,000</b>       |
| <b>Property and Equipment, Net</b>  | <b>309,847</b>      | <b>58,355</b>        |
| <b>Other Assets</b>   |                     |                      |
| Due from Alzheimer's Association, net of current portion                                      | -                   | 145,836              |
| Pledges receivable  | 31,000              | 50,000               |
| Land held for investment  | 5,000               | 5,000                |
| <b>Total Other Assets</b>   | <b>36,000</b>       | <b>200,836</b>       |
| <b>Total Assets</b>   | <b>\$ 9,715,245</b> | <b>\$ 11,108,175</b> |

**LIABILITIES AND NET ASSETS**

|   |                     |                      |
|---|---------------------|----------------------|
| <b>Current Liabilities</b>              |                     |                      |
| Accounts payable and accrued expenses   | \$ 721,100          | \$ 487,022           |
| Due to Alzheimer's Association          | 38,239              | -                    |
| Deferred grant revenue                  | 1,184               | 16,352               |
| <b>Total Current Liabilities</b>        | <b>760,523</b>      | <b>503,374</b>       |
| <b>Net Assets</b>                       |                     |                      |
| Unrestricted                            | 6,808,553           | 7,669,314            |
| Temporarily restricted                  | 2,146,169           | 2,935,487            |
| <b>Total Net Assets</b>                 | <b>8,954,722</b>    | <b>10,604,801</b>    |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 9,715,245</b> | <b>\$ 11,108,175</b> |

**ALZHEIMER'S GREATER LOS ANGELES**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015**

|   | 2016                |                           |                     | 2015                 |
|---|---------------------|---------------------------|---------------------|----------------------|
|   | Unrestricted        | Temporarily<br>Restricted | Total               | Total                |
| <b>Public Support and Revenue</b>   |                     |                           |                     |                      |
| Contributions   | \$ 3,299,485        | \$ 417,788                | \$ 3,717,273        | \$ 5,979,875         |
| Government grants   | 943,190             | -                         | 943,190             | 701,055              |
| Gifts in kind   | 555,000             | -                         | 555,000             | -                    |
| Grants - Alzheimer's Association  | -                   | -                         | -                   | 21,126               |
| Other grants  | 23,054              | -                         | 23,054              | 24,959               |
| Program service and educational workshop fees                                 | 34,780              | -                         | 34,780              | 53,873               |
| Special events, net of direct expenses of<br>\$0 in 2016 and \$43,250 in 2015 | 3,466               | 516,028                   | 519,494             | 766,296              |
| Sales of books and educational materials                                      | 2,202               | -                         | 2,202               | 2,681                |
| Investment returns, net   | 91,352              | -                         | 91,352              | 215,738              |
| Loss on disposal of property and equipment                                    | (17,967)            | -                         | (17,967)            | (45,320)             |
| Other   | 3,226               | -                         | 3,226               | 7,120                |
| Net assets released from program restrictions                                 | 1,061,824           | (1,061,824)               | -                   | -                    |
| <b>Total Public Support and Revenue</b>                                       | <b>5,999,612</b>    | <b>(128,008)</b>          | <b>5,871,604</b>    | <b>7,727,403</b>     |
| <b>Expenses</b>   |                     |                           |                     |                      |
| <b>Program Services</b>   |                     |                           |                     |                      |
| Family education and service  | 2,691,902           | -                         | 2,691,902           | 2,488,216            |
| Public policy   | 321,153             | -                         | 321,153             | 301,269              |
| Public awareness  | 1,783,484           | -                         | 1,783,484           | 798,019              |
| Professional training   | 519,084             | -                         | 519,084             | 360,343              |
| Research  | 37,735              | -                         | 37,735              | 47,759               |
| <b>Total Program Services</b>   | <b>5,353,358</b>    | <b>-</b>                  | <b>5,353,358</b>    | <b>3,995,606</b>     |
| <b>Supporting Services</b>  |                     |                           |                     |                      |
| Management and general  | 512,757             | -                         | 512,757             | 353,976              |
| Fundraising   | 994,258             | -                         | 994,258             | 974,035              |
| <b>Total Supporting Services</b>  | <b>1,507,015</b>    | <b>-</b>                  | <b>1,507,015</b>    | <b>1,328,011</b>     |
| <b>Total Expenses</b>   | <b>6,860,373</b>    | <b>-</b>                  | <b>6,860,373</b>    | <b>5,323,617</b>     |
| <b>Change in Net Assets</b>   | <b>(860,761)</b>    | <b>(128,008)</b>          | <b>(988,769)</b>    | <b>2,403,786</b>     |
| <b>Net Assets, Beginning of Year</b>  | <b>7,669,314</b>    | <b>2,935,487</b>          | <b>10,604,801</b>   | <b>8,201,015</b>     |
| Transfer of temporarily restricted net assets<br>upon disassociation from AA  | -                   | (661,310)                 | (661,310)           | -                    |
| <b>Net Assets, End of Year</b>  | <b>\$ 6,808,553</b> | <b>\$ 2,146,169</b>       | <b>\$ 8,954,722</b> | <b>\$ 10,604,801</b> |

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

**ALZHEIMER'S GREATER LOS ANGELES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

|  | <b>2016</b>         | <b>2015</b>         |
|--|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>  |                     |                     |
| Cash received from donors  | \$ 4,677,889        | \$ 6,933,139        |
| Cash received from fees and grants   | 932,215             | 562,141             |
| Cash received from service recipients  | 28,266              | 28,398              |
| Cash received from Alzheimer's Association grants  | -                   | 21,126              |
| Cash received - other  | 3,226               | 7,120               |
| Cash paid to suppliers and employees   | (6,139,648)         | (5,288,652)         |
| Interest and dividends received  | 207,777             | 147,553             |
|  | <b>(290,275)</b>    | <b>2,410,825</b>    |
| <b>Cash Flows from Investing Activities</b>  |                     |                     |
| Purchases of property and equipment  | (302,077)           | (1,762)             |
| Purchases of investments   | (2,421,341)         | (3,675,694)         |
| Proceeds from sale of investments  | 2,880,256           | 1,238,197           |
|  | <b>156,838</b>      | <b>(2,439,259)</b>  |
| <b>Cash Flows from Financing Activities</b>  |                     |                     |
| Transfer of temporarily restricted net assets upon disassociation from AA                                | (661,310)           | -                   |
|  | <b>(794,747)</b>    | <b>(28,434)</b>     |
| <b>Cash and Cash Equivalents, Beginning of Year</b>  | <b>1,502,848</b>    | <b>1,531,282</b>    |
| <b>Cash and Cash Equivalents, End of Year</b>  | <b>\$ 708,101</b>   | <b>\$ 1,502,848</b> |
| <b>Reconciliation of the Change in Net Assets</b>  |                     |                     |
| <b>To Net Cash Provided by (Used in) Operating Activities</b>  |                     |                     |
| Change in Net Assets   | \$ (988,769)        | \$ 2,403,786        |
| Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities |                     |                     |
| Change in allowance for uncollectible accounts   | -                   | (2,925)             |
| Depreciation and amortization  | 32,615              | 34,487              |
| Loss on disposal of property and equipment   | 17,967              | 45,320              |
| Realized and unrealized losses/(gains) on investments  | 42,785              | (105,279)           |
| (Increase) Decrease in:  |                     |                     |
| Grants receivable  | 9,930               | (51,213)            |
| Other receivables, net   | 18,531              | 218,462             |
| Accrued interest   | 7,138               | (19,879)            |
| Bequests receivable  | (218,840)           | (74,951)            |
| Pledges receivable   | 57,000              | 42,244              |
| Due from Alzheimer's Association   | 543,914             | (178,022)           |
| Prepaid expenses   | (31,456)            | (10,567)            |
| Increase (Decrease) in:  |                     |                     |
| Accounts payable and accrued expenses  | 234,078             | 114,951             |
| Deferred revenue   | (15,168)            | (5,589)             |
|  | <b>\$ (290,275)</b> | <b>\$ 2,410,825</b> |

**ALZHEIMER'S GREATER LOS ANGELES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

|                                       | 2016                                |                   |                     |                          |                  |                     | 2015                      |                   |                                 |                     |                     |
|---------------------------------------|-------------------------------------|-------------------|---------------------|--------------------------|------------------|---------------------|---------------------------|-------------------|---------------------------------|---------------------|---------------------|
|                                       | Program Services                    |                   |                     |                          |                  | Total               | Supporting Services       |                   |                                 | Total               |                     |
|                                       | Family<br>Education<br>and Services | Public<br>Policy  | Public<br>Awareness | Professional<br>Training | Research         | Program<br>Services | Management<br>and General | Fundraising       | Total<br>Supporting<br>Services | Total<br>Expenses   | Total<br>Expenses   |
| Salaries and wages                    | \$ 1,518,532                        | \$ 224,090        | \$ 583,525          | \$ 289,356               | \$ 5,885         | \$ 2,621,388        | \$ 236,126                | \$ 609,771        | \$ 845,897                      | \$ 3,467,285        | \$ 3,072,312        |
| Printing and publications             | 96,896                              | 1,569             | 703,544             | 4,196                    | 418              | 806,623             | 2,718                     | 63,708            | 66,426                          | 873,049             | 151,459             |
| Contract labor                        | 155,816                             | 6,400             | 105,486             | 22,419                   | 209              | 290,330             | 167,448                   | 34,170            | 201,618                         | 491,948             | 309,145             |
| Grants and allocations                | 228,747                             | 19,649            | -                   | 105,539                  | 28,000           | 381,935             | -                         | -                 | -                               | 381,935             | 335,832             |
| Other employee benefits               | 175,766                             | 23,284            | 55,459              | 29,407                   | 696              | 284,612             | 22,632                    | 58,437            | 81,069                          | 365,681             | 278,506             |
| Occupancy, utilities and insurance    | 199,903                             | 14,743            | 45,186              | 16,873                   | 419              | 277,124             | 16,015                    | 35,629            | 51,644                          | 328,768             | 320,731             |
| Conferences, conventions and meetings | 55,556                              | 4,180             | 127,870             | 4,776                    | 61               | 192,443             | 1,866                     | 78,452            | 80,318                          | 272,761             | 203,271             |
| Payroll taxes                         | 113,268                             | 16,695            | 43,369              | 21,592                   | 439              | 195,363             | 17,605                    | 45,706            | 63,311                          | 258,674             | 229,455             |
| Travel                                | 39,319                              | 2,215             | 17,130              | 10,389                   | 1,128            | 70,181              | 16,127                    | 14,628            | 30,755                          | 100,936             | 125,741             |
| Equipment rental and maintenance      | 26,795                              | 1,972             | 33,498              | 2,319                    | 72               | 64,656              | 12,348                    | 17,247            | 29,595                          | 94,251              | 81,875              |
| Office and other supplies             | 23,926                              | 1,047             | 12,246              | 6,413                    | 141              | 43,773              | 7,123                     | 5,420             | 12,543                          | 56,316              | 41,617              |
| Telephone                             | 20,119                              | 2,480             | 6,799               | 3,236                    | 83               | 32,717              | 3,961                     | 5,680             | 9,641                           | 42,358              | 43,854              |
| Interest and bank charges             | -                                   | -                 | 22,249              | -                        | -                | 22,249              | 1,371                     | 10,922            | 12,293                          | 34,542              | 39,332              |
| Postage and shipping                  | 10,235                              | 79                | 15,130              | 353                      | -                | 25,797              | 1,635                     | 6,349             | 7,984                           | 33,781              | 31,272              |
| Depreciation and amortization         | 19,525                              | 1,739             | 3,690               | 2,117                    | 52               | 27,123              | 1,481                     | 4,011             | 5,492                           | 32,615              | 34,487              |
| Miscellaneous                         | 3,236                               | 936               | 7,210               | -                        | 125              | 11,507              | 3,071                     | 3,218             | 6,289                           | 17,796              | 21,348              |
| Staff recruitment                     | 3,474                               | -                 | 928                 | -                        | -                | 4,402               | 1,130                     | 503               | 1,633                           | 6,035               | 1,580               |
| Taxes and licenses                    | 789                                 | 75                | 165                 | 99                       | 7                | 1,135               | 100                       | 407               | 507                             | 1,642               | 1,800               |
| <b>Total Expenses</b>                 | <b>\$ 2,691,902</b>                 | <b>\$ 321,153</b> | <b>\$ 1,783,484</b> | <b>\$ 519,084</b>        | <b>\$ 37,735</b> | <b>\$ 5,353,358</b> | <b>\$ 512,757</b>         | <b>\$ 994,258</b> | <b>\$ 1,507,015</b>             | <b>\$ 6,860,373</b> | <b>\$ 5,323,617</b> |

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

**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 1 – Summary of Significant Accounting Policies**

**Organization**

Until January 7, 2016 Alzheimer's Association, Los Angeles, Riverside, and San Bernardino Organization, Inc. (dba Alzheimer's Association, California Southland Chapter) was affiliated with a national organization, Alzheimer's Disease and Related Disorders Association ("AA"). On that date the Organization ended its affiliation agreement with AA and changed its name to Alzheimer's Greater Los Angeles ("ALZGLA"). ALZGLA has continued to operate as a nonprofit California corporation since incorporating on July 23, 1981. The mission of the organization is to provide families in Los Angeles, Riverside and San Bernardino Counties with hands-on support, information, and resources, while advancing critical local research for a cure. ALZGLA's principal sources of revenue are donor contributions and grants from government agencies and private/public foundations.

**Public Support and Revenue**

Donations are recorded when they are made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received that are designated for future periods, or are restricted by the donor for specific purposes, are reported as temporarily- or permanently-restricted support increasing those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restriction".

Donated securities and other non-cash donations are recorded as donations at their estimated fair values at the date of donation.

Management estimates that 2,000 volunteers have donated in excess of 10,500 hours answering help-line telephones, assisting with special events and providing other non-specialized administrative services. However, since no objective basis exists for measuring and valuing these services, they are not reflected in the accompanying financial statements.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Bad debt expense and the valuation have not been material to the financial statements.

**Investments**

Investments, comprised primarily of fixed income and marketable equity securities, are valued at their fair value, with realized and unrealized gains and losses reflected in the statement of activities. The fair value of these investments is based on quoted market prices.

**Property and Equipment**

Property and equipment are recorded at cost at the date of acquisition or at estimated fair market value at the date of donation. It is ALZGLA's policy to capitalize expenditures for these items in excess of \$1,000. Depreciation and amortization is provided for owned assets using the straight-line method, over the estimated useful lives of the assets (generally from five to fifteen years).



**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Property and Equipment (continued)**

The costs of leasehold improvements are depreciated over the shorter of their useful life or the remaining term of the lease.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by classification. Such information should be read in conjunction with ALZGLA's financial statements for the year ended June 30, 2015. Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Statement of Cash Flows**

For the purpose of the statement of cash flows, ALZGLA considers all highly liquid debt investments with a maturity of three months or less to be cash equivalents.

**Income Taxes**

ALZGLA is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of ALZGLA and various positions related to the potential sources of unrelated business taxable income. ALZGLA believes that it has no uncertain tax positions that impact its financial statements.

ALZGLA files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Note 2 – Concentration of Credit Risk**

Financial instruments, which potentially subject ALZGLA to a concentration of credit risk, consist of cash, and accounts and grants receivable.

**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 2 – Concentration of Credit Risk (continued)**

ALZGLA maintains its cash balances at Wells Fargo Bank. These accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) or are backed by a federal or state government agency. At times, cash balances may exceed FDIC insurance limits. ALZGLA has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk to cash and cash equivalents.

The risk with respect to accounts and grants receivable is considered low because they are from established governmental programs or from major charities, corporations and foundations.

**Note 3 – Pledges Receivable**

Unconditional promises to give consist of the following:

|   | <u>2016</u>      | <u>2015</u>       |
|---|------------------|-------------------|
| Receivable in less than one year          | \$ 27,000        | \$ 65,000         |
| Receivable in one to five years           | 31,000           | 50,000            |
| Total unconditional promises to give      | 58,000           | 115,000           |
| Less allowance for uncollectible promises | -                | -                 |
| Less discounts to net present value       | -                | -                 |
| Net unconditional promises to give        | <u>\$ 58,000</u> | <u>\$ 115,000</u> |

The effective interest rate for the discount on receivables due in more than one year is based on market interest rates in effect at the time of the pledge. The market rates during the 2016 and 2015 years were nominal: no discounts were recognized on pledges made in either year.

|                       | <u>2016</u>      | <u>2015</u>       |
|-----------------------|------------------|-------------------|
| Restricted for:       |                  |                   |
| Programs and services | \$ 8,000         | \$ 40,000         |
| Naming                | 50,000           | 75,000            |
|                       | <u>\$ 58,000</u> | <u>\$ 115,000</u> |

**Note 4 – Investments**

As of June 30, 2016 and 2015, investments consist of the following:

| <u>2016</u>                        | <u>Aggregate<br/>Fair Value</u> | <u>Cost</u>         |
|------------------------------------|---------------------------------|---------------------|
| Mutual funds                       | \$ 38,269                       | \$ 40,000           |
| Exchange-traded funds              | 1,090,859                       | 990,868             |
| Corporate equity securities        | 2,639,123                       | 2,053,915           |
| Corporate bonds                    | 3,451,515                       | 3,436,969           |
| Government securities              | 634,431                         | 634,665             |
| Less: restricted for long-term use | (700,000)                       | (700,000)           |
|                                    | <u>\$ 7,154,197</u>             | <u>\$ 6,456,417</u> |

**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 4 – Investments (continued)**

| <b>2015</b>                        | <b>Aggregate<br/>Fair Value</b> | <b>Cost</b>         |
|------------------------------------|---------------------------------|---------------------|
| Mutual funds                       | \$ 80,133                       | \$ 84,562           |
| Exchange-traded funds              | 1,440,212                       | 1,300,184           |
| Corporate equity securities        | 2,683,491                       | 2,032,794           |
| Corporate bonds                    | 3,448,271                       | 3,501,197           |
| Government securities              | 703,787                         | 711,970             |
| Less: restricted for long-term use | (700,000)                       | (700,000)           |
|                                    | <u>\$ 7,655,894</u>             | <u>\$ 6,930,707</u> |

Investment returns are summarized as follows:

|  | <b>2016</b>      | <b>2015</b>       |
|--|------------------|-------------------|
| Interest and dividends                       | \$ 200,639       | \$ 167,432        |
| Net realized and unrealized gains and losses | (42,785)         | 105,279           |
| Investment fees                              | (66,502)         | (56,973)          |
| <b>Total</b>                                 | <u>\$ 91,352</u> | <u>\$ 215,738</u> |

**Note 5 – Property and Equipment**

Property and equipment consists of the following:

|  | <b>2016</b>       | <b>2015</b>      |
|--|-------------------|------------------|
| Furniture and fixtures                         | \$ 32,813         | \$ 41,680        |
| Office equipment                               | 193,069           | 138,324          |
| Leasehold improvements                         | 22,897            | 36,643           |
| Branding, trademarks and copyrights            | 232,345           | -                |
|  | 481,124           | 216,647          |
| Less accumulated depreciation and amortization | (171,277)         | (158,292)        |
|  | <u>\$ 309,847</u> | <u>\$ 58,355</u> |

**Note 6 – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

|  | <b>2016</b>         | <b>2015</b>         |
|--|---------------------|---------------------|
| For Specific Programs                          |                     |                     |
| Family education and services                  | \$ 1,351,658        | \$ 2,130,366        |
| Public policy                                  | 2,828               | 2,628               |
| Professional training                          | 2,860               | 11,060              |
| Naming   | 58,000              | 75,000              |
| Research                                       | 18,860              | 4,460               |
| Public awareness and development               | 11,963              | 11,973              |
|  | 1,446,169           | 2,235,487           |
| Assets required to be held until June 30, 2022 | 700,000             | 700,000             |
|  | <u>\$ 2,146,169</u> | <u>\$ 2,935,487</u> |

**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 7 – Joint Costs**

ALZGLA achieves some of its programmatic goals in the annual walk events that include requests for contributions. The costs of conducting the events for June 30, 2016 and 2015, includes joint costs of \$816,903 and \$767,095, respectively that are not directly attributable to either the program or the fund-raising component of the activities. Those joint costs were allocated as follows:

|                  | <b>2016</b>       | <b>2015</b>       |
|------------------|-------------------|-------------------|
| Public awareness | \$ 776,058        | \$ 448,959        |
| Fundraising      | 40,845            | 318,136           |
| <b>Total</b>     | <b>\$ 816,903</b> | <b>\$ 767,095</b> |

**Note 8 – Lease Commitments**

ALZGLA leases their office facilities and equipment under noncancelable operating leases expiring through September 2021.

As of June 30, 2016, future minimum rental commitments under existing leases were as follows:

| <b>Year Ending June 30,</b> | <b>4221 Wilshire<br/>Blvd.</b> | <b>Other<br/>Facilities</b> | <b>Equipment</b> | <b>Total</b> |
|-----------------------------|--------------------------------|-----------------------------|------------------|--------------|
| 2017                        | \$ 235,664                     | \$ 55,432                   | \$ 16,632        | \$ 307,728   |
| 2018                        | 39,469                         | 52,266                      | 12,022           | 103,757      |
| 2019                        | -                              | 40,935                      | 10,704           | 51,639       |
| 2020                        | -                              | -                           | 7,380            | 7,380        |
| 2021                        | -                              | -                           | 7,380            | 7,380        |

Rent expense for the years ended June 30, 2016 and 2015 was \$281,600 and \$279,447, respectively.

**Note 9 – Employee Benefit Plans**

ALZGLA maintains a retirement plan which covers substantially all employees meeting minimum service requirements. Employees may make voluntary contributions up to 25% of their salaries. ALZGLA also maintains a defined contribution plan which suspended contributions as of November 1, 2008. The plan was reinstated in February 2016. Contributions to the plan were \$56,347 for the year ended June 30, 2016.

**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 10 – Fair Value Measurements**

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at June 30, 2016 are as follows:

|                                | <b>Fair Value</b>   | <b>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Assets (Level 1)</b> | <b>Significant Other<br/>Observable<br/>Inputs (Level 2)</b> | <b>Significant Other<br/>Unobservable<br/>Inputs (Level 3)</b> |
|--------------------------------|---------------------|---|--|--|
| Mutual funds                   | \$ 38,269           | \$ 38,269   | \$ -   | \$ -   |
| Exchange-traded<br>Funds       | 1,090,859           | 1,090,859   | -  | -  |
| Corporate equity<br>Securities | 2,639,123           | 2,639,123   | -  | -  |
| Corporate bonds                | 3,451,515           | 3,451,515   | -  | -  |
| Government<br>securities       | 634,431             | 634,431   | -  | -  |
| Investments                    | <u>\$ 7,854,197</u> | <u>\$ 7,854,197</u>   | <u>\$ -</u>  | <u>\$ -</u>  |

Fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

|                                | <b>Fair Value</b>   | <b>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Assets (Level 1)</b> | <b>Significant Other<br/>Observable<br/>Inputs (Level 2)</b> | <b>Significant Other<br/>Unobservable<br/>Inputs (Level 3)</b> |
|--------------------------------|---------------------|---|--|--|
| Mutual funds                   | \$ 80,133           | \$ 80,133   | \$ -   | \$ -   |
| Exchange-traded<br>funds       | 1,440,212           | 1,440,212   | -  | -  |
| Corporate equity<br>Securities | 2,683,491           | 2,683,491   | -  | -  |
| Corporate bonds                | 3,448,271           | 3,448,271   | -  | -  |
| Government<br>securities       | 703,787             | 703,787   | -  | -  |
| Investments                    | <u>\$ 8,355,894</u> | <u>\$ 8,355,894</u>   | <u>\$ -</u>  | <u>\$ -</u>  |

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Promises to Give – Fair Value Election

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because ALZGLA elected that measure in accordance with SFAS No. 159, *The Fair Value Option of Financial Assets and Financial Liabilities*. Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques and historical discount rates.

**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 10 – Fair Value Measurements (continued)**

Management considers the relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness and incorporates this into a fair value measurement computation using present value techniques. The rate used in 2016 and 2015 was 0%. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution income.

The table below presents information about unconditional promises to give at June 30, 2016 and 2015.

|  | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Promises Measured at Fair Value:                         |             |             |
| Promised cash flows                                      | \$ 27,000   | \$ 50,000   |
| Carrying amount  | 27,000      | 50,000      |
| Fair value estimate                                      | 27,000      | 50,000      |
| Measurement basis  | Level 3     | Level 3     |
| Contribution income                                      | \$ 10,000   | \$ 137,756  |
| Total changes included in the statement of activities    | 10,000      | 137,756     |
|  | <u>2016</u> | <u>2015</u> |
| Promises Measured at Net Realizable Value:               |             |             |
| Carrying amount  | \$ 31,000   | \$ 65,000   |
| Total carrying amount for unconditional promises to give | 58,000      | 115,000     |

The table below presents information about the changes in unconditional promises to give for the years ended June 30, 2016 and 2015:

|                                     | <u>2016</u>      | <u>2015</u>       |
|-------------------------------------|------------------|-------------------|
| Beginning balance                   | \$ 115,000       | \$ 157,244        |
| New promises received               | 10,000           | 130,000           |
| Collections                         | (67,000)         | (180,000)         |
| Contribution revenue                | -                | 7,756             |
| Management and general (write-offs) | -                | -                 |
| Ending balance                      | <u>\$ 58,000</u> | <u>\$ 115,000</u> |

**Note 11 – Due to/From Alzheimer's Association Shared Fundraising**

Under the affiliate agreement with AA, ALZGLA participated in a shared fundraising arrangement. The agreement was intended to enlarge and strengthen the donor base in ALZGLA's territory by combining fundraising activities. This agreement ended when ALZGLA disassociated with AA.

The terms of the agreement included the sharing of defined net fundraising revenue between AA and ALZGLA. In addition, any grants or donations collected by the ALZGLA but restricted for research were passed through to AA. At June 30, 2016, ALZGLA owes AA \$38,239, net and at June 30, 2015 AA owed ALZGLA \$505,675 net, based on this shared fundraising agreement.

The net liability under this arrangement has not been fully settled. ALZGLA does not anticipate any material future liability, accordingly no estimate of such liability is included in the financial statements.

**ALZHEIMER'S GREATER LOS ANGELES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 12 - Trust Income**

ALZGLA receives distributions of income from the Sally Gail Lindsey Trust ("the Trust"). In 2009, upon Ms. Lindsey's death (after many years of volunteering with what is now ALZGLA), ALZGLA became sole beneficiary of the Trust, and as such is entitled to distributions of income from the Trust as long as ALZGLA remains in existence. The Trust Agreement does not include any provisions for amendments subsequent to Ms. Lindsey's passing, and the Trustee (Key Bank of Cleveland, Ohio) has been instructed to hold and administer the property of the Trust as a single fund for the benefit of ALZGLA, distributing all of the net income of the Trust to ALZGLA in quarterly or more frequent intervals. The market value of the known investments as of June 30, 2016 was \$13,529,086. Distributions received by the Organization were \$592,879, and \$331,330, for the years ended June 30, 2016 and 2015, respectively.

**Note 13 – Subsequent Events**

Subsequent events were evaluated through November 15, 2016, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

## **ADDITIONAL INFORMATION**



**ALZHEIMER'S GREATER LOS ANGELES  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

| Pass-through Grantor/<br>Program Name     | Contract<br>Number | Federal<br>CFDA<br>Number | Grant Period      | Federal<br>Award<br>Amount | Accrued Grant<br>Revenue<br>6/30/2015 | Cash<br>Receipts | Expenditures | Accrued Grant<br>Revenue<br>6/30/2016 |
|---|--------------------|---------------------------|-------------------|----------------------------|---------------------------------------|------------------|--------------|---------------------------------------|
| Department of Health and Human Services   |                    |                           |                   |                            |                                       |                  |              |                                       |
| Pass Through From:                        |                    |                           |                   |                            |                                       |                  |              |                                       |
| California Department of Health Services  |                    |                           |                   |                            |                                       |                  |              |                                       |
| CA Coordinated Care Initiative:           |                    |                           |                   |                            |                                       |                  |              |                                       |
| Improving Access & Services to Persons    |                    |                           |                   |                            |                                       |                  |              |                                       |
| with Dementia and Their Family Caregivers |                    |                           |                   |                            |                                       |                  |              |                                       |
|   | CT-1314-15         | 93.051                    | 12/01/13-9/29/16  | \$ 743,602                 | \$ 64,417                             | \$ 306,580       | \$ 325,986   | \$ 83,823                             |
| Total                                     |                    | 93.051                    |                   |                            | 64,417                                | 306,580          | 325,986      | 83,823                                |
| County of Riverside Office on Aging       |                    |                           |                   |                            |                                       |                  |              |                                       |
| Title III E                               |                    |                           |                   |                            |                                       |                  |              |                                       |
| Access-Case Management                    | OA62636FY15        | 93.052                    | 07/01/14-06/30/15 | 10,850                     | -                                     | -                | -            | -                                     |
| Access-Case Management OTO                | OA62673FY15        | 93.052                    | 07/01/14-06/30/15 | 3,288                      | 3,288                                 | 3,288            | -            | -                                     |
| Caregiver Support - Support Group         | OA62718FY15        | 93.052                    | 07/01/14-06/30/15 | 3,735                      | 664                                   | 664              | -            | -                                     |
| Caregiver Support - Training              | OA62721FY15        | 93.052                    | 07/01/14-06/30/15 | 798                        | 399                                   | 399              | -            | -                                     |
| Caregiver Support - Training Savvy        | OA62722FY15        | 93.052                    | 07/01/14-06/30/15 | 8,734                      | 3,494                                 | 3,494            | -            | -                                     |
| Caregiver Support - Counseling            | OA62707FY15        | 93.052                    | 07/01/14-06/30/15 | 2,000                      | 400                                   | 400              | -            | -                                     |
| Caregiver Support - Comp Assessment       | OA62637FY15        | 93.052                    | 07/01/14-06/30/15 | 3,617                      | 658                                   | 658              | -            | -                                     |
| Caregiver Support - Respite In-Home       | OA62836FY15        | 93.052                    | 07/01/14-06/30/15 | 22,992                     | 8,950                                 | 8,950            | -            | -                                     |
| Caregiver Support - Respite In-Home OTO   | OA62873FY15        | 93.052                    | 07/01/14-06/30/15 | 3,000                      | 3,000                                 | 3,000            | -            | -                                     |
| Access-Case Management                    | OA62636FY16        | 93.052                    | 07/01/15-06/30/16 | 10,850                     | -                                     | 6,412            | 10,850       | 4,438                                 |
| Caregiver Support - Support Group         | OA62718FY16        | 93.052                    | 07/01/15-06/30/16 | 3,735                      | -                                     | 1,909            | 2,158        | 249                                   |
| Caregiver Support - Training              | OA62721FY16        | 93.052                    | 07/01/15-06/30/16 | 798                        | -                                     | -                | 399          | 399                                   |
| Caregiver Support - Training Savvy        | OA62722FY16        | 93.052                    | 07/01/15-06/30/16 | 8,734                      | -                                     | 1,747            | 6,987        | 5,241                                 |
| Caregiver Support - Counseling            | OA62707FY16        | 93.052                    | 07/01/15-06/30/16 | 2,000                      | -                                     | 850              | 2,000        | 1,150                                 |
| Caregiver Support - Comp Assessment       | OA62637FY16        | 93.052                    | 07/01/15-06/30/16 | 3,617                      | -                                     | 2,082            | 3,617        | 1,535                                 |
| Caregiver Support - Respite In-Home       | OA62836FY16        | 93.052                    | 07/01/15-06/30/16 | 19,992                     | -                                     | 10,404           | 22,992       | 12,588                                |
| Caregiver Support - Respite In-Home OTO   | OA62873FY16        | 93.052                    | 07/01/15-06/30/16 | 3,000                      | -                                     | -                | -            | -                                     |
|   |                    |                           |                   |                            | 20,853                                | 44,257           | 49,004       | 25,600                                |
| City of Los Angeles                       |                    |                           |                   |                            |                                       |                  |              |                                       |
| Family Caregiver Support                  | 119599             | 93.052                    | 07/01/14-06/30/15 | 141,935                    | 47,328                                | 47,328           | -            | -                                     |
| Family Caregiver Support                  | 119599             | 93.052                    | 07/01/15-06/30/16 | 141,935                    | -                                     | 101,262          | 154,526      | 53,264                                |
|   |                    |                           |                   |                            | 47,328                                | 148,590          | 154,526      | 53,264                                |
| County of Los Angeles                     |                    |                           |                   |                            |                                       |                  |              |                                       |
| OAA Programs (Title III E)                | FCSP131701         | 93.052                    | 07/01/14-06/30/15 | 78,314                     | 4,932                                 | 4,932            | -            | -                                     |
| OAA Programs (Title III E)                | FCSP131701         | 93.052                    | 07/01/15-06/30/16 | 78,314                     | -                                     | 35,380           | 43,074       | 7,695                                 |
| OAA Programs (Title III E)                | FCSP131701-SD1     | 93.052                    | 07/01/15-06/30/16 | 5,000                      | -                                     | 5,000            | 5,000        | -                                     |
|   |                    |                           |                   |                            | 4,932                                 | 45,312           | 48,074       | 7,695                                 |
| Total                                     |                    | 93.052                    |                   |                            | 73,113                                | 238,158          | 251,604      | 86,559 *                              |
| Carryforward Total                        |                    |                           |                   |                            | \$ 137,530                            | \$ 544,738       | \$ 577,589   | \$ 170,382                            |

**ALZHEIMER'S GREATER LOS ANGELES  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2016  
(Continued)**

| Pass-through Grantor/<br>Program Name         | Contract<br>Number | Federal<br>CFDA<br>Number | Grant Period      | Federal<br>Award<br>Amount | Accrued Grant<br>Revenue<br>6/30/2015 | Cash<br>Receipts  | Expenditures      | Accrued Grant<br>Revenue<br>6/30/2016 |
|---|--------------------|---------------------------|-------------------|----------------------------|---------------------------------------|-------------------|-------------------|---------------------------------------|
| Carryforward Total                            |                    |                           |                   |                            | \$ 137,530                            | \$ 544,738        | \$ 577,589        | \$ 170,382                            |
| Department of Health and Human Services       |                    |                           |                   |                            |                                       |                   |                   |                                       |
| Pass Through From:                            |                    |                           |                   |                            |                                       |                   |                   |                                       |
| The University of Southern California         |                    |                           |                   |                            |                                       |                   |                   |                                       |
| Geriatrics Workforce Enhancement              |                    |                           |                   |                            |                                       |                   |                   |                                       |
| Program (USC #71946153)                       |                    |                           |                   |                            |                                       |                   |                   |                                       |
|   | U1QHP28740-01-01   | 93.969                    | 07/01/15-06/30/18 | 150,000                    | -                                     | 5,292             | 37,134            | 31,842                                |
| Total   |                    | 93.969                    |                   |                            | -                                     | 5,292             | 37,134            | 31,842                                |
| The Regents of The University of California   |                    |                           |                   |                            |                                       |                   |                   |                                       |
| CMS Innovations Challenge Grant               |                    |                           |                   |                            |                                       |                   |                   |                                       |
|   | 1558-P-QA593       | 93.610                    | 07/01/12-6/30/17  | 136,182                    | 6,990                                 | 12,422            | 7,718             | 2,286                                 |
| Total   |                    | 93.610                    |                   |                            | 6,990                                 | 12,422            | 7,718             | 2,286                                 |
| Department of Health and Human Services       |                    |                           |                   |                            |                                       |                   |                   |                                       |
| Administration For Community Living           |                    |                           |                   |                            |                                       |                   |                   |                                       |
| California Dementia Caregiver Support Project |                    |                           |                   |                            |                                       |                   |                   |                                       |
|   | 90AL0002-01-00     | 93.763                    | 09/30/14-09/29/17 | 999,163                    | 101,577                               | 379,209           | 320,157           | 42,526                                |
| Pass Through from:                            |                    |                           |                   |                            |                                       |                   |                   |                                       |
| Alzheimer's San Diego                         |                    |                           |                   |                            |                                       |                   |                   |                                       |
| The Southern California Collaborative         |                    |                           |                   |                            |                                       |                   |                   |                                       |
| To Support Individuals, Families and          |                    |                           |                   |                            |                                       |                   |                   |                                       |
| Communities Impacted by Alzheimer's           |                    |                           |                   |                            |                                       |                   |                   |                                       |
| Disease                                       |                    |                           |                   |                            |                                       |                   |                   |                                       |
|   | 90AL0022-01-00     | 93.763                    | 09/01/15-08/31/18 | 99,585                     | -                                     | -                 | 591               | 591                                   |
| Total   |                    | 93.763                    |                   |                            | 101,577                               | 379,209           | 320,748           | 43,116 *                              |
|   |                    |                           |                   |                            | <u>\$ 246,097</u>                     | <u>\$ 941,661</u> | <u>\$ 943,190</u> | <u>\$ 247,626</u>                     |

\* Major Program

**ALZHEIMER’S GREATER LOS ANGELES  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1 - Significant Accounting Policies**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Alzheimer’s Greater Los Angeles (“ALZGLA”), under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ALZGLA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ALZGLA.

**Summary of Significant Accounting Policies**

Expenditures of federal awards are recognized on the accrual basis of accounting. Expenditures are recognized following the cost accounting principles and procedures set forth in the Uniform Guidance and/or OMG Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2 – Non-Federal Matching**

Various contracts require the Organization to match federal contracts. At June 30, 2016, the non-federal matching amounts were as follows:

|  | <b>CFDA #</b> | <b>Match</b> |
|--|---------------|--------------|
| CA Coordinated Care Initiative                 | 93.051        | \$ 259,168   |
| County of Riverside – Title IIIE               | 93.052        | 18,720       |
| City of Los Angeles – Family Caregiver Support | 93.052        | 45,545       |
| County of Los Angeles – OAA Programs           | 93.052        | 18,256       |
| California Dementia Caregiver Support Project  | 93.763        | 105,847      |
|  |               | \$ 406,545   |

**SINGLE AUDIT**



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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Alzheimer's Greater Los Angeles:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alzheimer's Greater Los Angeles, a nonprofit corporation ("the Organization"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2016.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

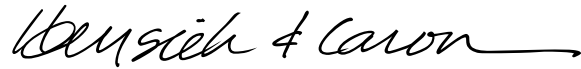
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pasadena, California  
November 15, 2016



# HENSIEK & CARON

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors  
Alzheimer's Greater Los Angeles

### **Report on Compliance for Each Major Federal Program**

We have audited Alzheimer's Greater Los Angeles' ("the Organization") compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2016. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, contracts, the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Organization's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Alzheimer's Greater Los Angeles complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

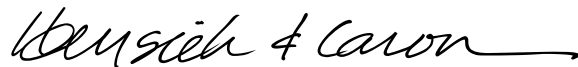
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over

compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Pasadena, California  
November 15, 2016



**ALZHEIMER’S GREATER LOS ANGELES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**SUMMARY OF AUDIT RESULTS**

1. The auditors’ report expresses an unmodified opinion on whether the financial statements of the Alzheimer’s Greater Los Angeles Inc. (“ALZGLA”) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. No instances of noncompliance material to the financial statements of ALZGLA, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors’ report on compliance for the major federal award programs for ALZGLA expresses an unmodified opinion on all major federal programs.
6. There are no audit findings relating to the major program that the auditor is required to report under 201.516(a) of the Uniform Guidance.
7. The programs tested as a major program is:

| Name of Program   | CFDA Number |
|---|-------------|
| National Family Caregiver Support, Title III,<br>Part E | 93.052      |
| California Dementia Caregiver Support Project           | 93.763      |

8. The threshold for distinguishing type A and B programs was \$750,000.
9. ALZGLA did not qualify as a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**ALZHEIMER'S GREATER LOS ANGELES  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**1. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

None