

ALZHEIMER'S GREATER LOS ANGELES

**FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION**

JUNE 30, 2018

PASADENA
234 E Colorado Blvd
Suite M150
Pasadena, CA 91101
p: 626.403.6801

A Trusted Nonprofit Partner

Main Fax: 626.403.6866

www.npocpas.com

OAKLAND
1901 Harrison Street
Suite 1150
Oakland, CA 94612
p: 510.379.1182

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INDEPENDENT AUDITORS' REPORT

To 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 organization), which comprise the Statement of Financial Position as of June 30, 2018, and the related Statements of Activities, 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.

Auditors' 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 auditors' 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 controls 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, 2018, 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Alzheimer's Greater Los Angeles' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of Alzheimer's Greater Los Angeles' 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 solely 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 the effectiveness of Alzheimer's Greater Los Angeles' 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 Alzheimer's Greater Los Angeles' internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
October 15, 2018

ALZHEIMER'S GREATER LOS ANGELES

STATEMENT OF FINANCIAL POSITION

June 30, 2018

With comparative totals at June 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 990,957	\$ 737,366
Grants receivable - government, state and federal	86,302	169,874
Grants receivable - other	128,258	154,471
Bequests receivable	76,695	-
Other receivables - (net of allowance for uncollectible accounts of \$1,264 and \$1,264, respectively)	16,400	10,867
Accrued interest	10,564	18,852
Pledges receivable (Note 3)	167,000	471,000
Investments (Note 4)	4,494,524	6,341,551
Prepaid expenses	123,714	161,618
Land held for investment	5,000	5,000
Property and equipment - net (Note 6)	311,452	387,174
TOTAL ASSETS	<u><u>\$ 6,410,866</u></u>	<u><u>\$ 8,457,773</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 85,106	\$ 155,763
Accrued liabilities (Note 7)	539,788	426,860
Due to Alzheimer's Association (Note 8)	38,239	38,239
Deferred grant revenue	28,747	28,228
TOTAL LIABILITIES	<u>691,880</u>	<u>649,090</u>
NET ASSETS		
Unrestricted	2,426,385	4,877,191
Temporarily restricted (Note 10)	3,292,601	2,931,492
TOTAL NET ASSETS	<u>5,718,986</u>	<u>7,808,683</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,410,866</u></u>	<u><u>\$ 8,457,773</u></u>

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

ALZHEIMER'S GREATER LOS ANGELES

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

With comparative totals for the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	2018	2017
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 1,926,188	\$ 814,766	\$ 2,740,954	\$ 3,595,343
Special events	263,422	855,325	1,118,747	858,983
Government grants (Note 11)	643,288		643,288	947,160
Investment income - net (Note 4)	485,350		485,350	454,475
Gifts in kind	464,000		464,000	553,000
Other grants	53,019		53,019	17,957
Program service and educational workshop fees	23,572		23,572	16,350
Other	31,074		31,074	8,550
(Loss) on disposal of property and equipment			-	(176)
Sales of merchandise, net of direct expenses of \$2,084 and \$6,175, respectively	4,201		4,201	(3,964)
Net assets released from restriction of time or purpose	1,308,982	(1,308,982)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	5,203,096	361,109	5,564,205	6,447,678
EXPENSES				
Program services	5,518,867		5,518,867	5,624,347
Supporting Services	2,135,035		2,135,035	1,969,370
TOTAL EXPENSES	7,653,902	-	7,653,902	7,593,717
CHANGE IN NET ASSETS	(2,450,806)	361,109	(2,089,697)	(1,146,039)
NET ASSETS, BEGINNING OF YEAR	4,877,191	2,931,492	7,808,683	8,954,722
NET ASSETS, END OF YEAR	\$ 2,426,385	\$ 3,292,601	\$ 5,718,986	\$ 7,808,683

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

ALZHEIMER'S GREATER LOS ANGELES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

With comparative totals for the year ended June 30, 2017

	Program Services					Total Program Services	Support Services		Total Supporting Services	Total Expenses	
	Family Services and Education	Professional Training	Public Policy	Public Awareness	Research		Management and General	Fundraising		2018	2017
Salaries	\$ 1,635,547	\$ 288,204	\$ 238,132	\$ 552,890	\$ 240	\$ 2,715,013	\$ 214,527	\$ 670,275	\$ 884,802	\$ 3,599,815	\$ 3,814,550
Payroll taxes and employee benefits	361,601	62,811	52,508	138,189	51	615,160	50,602	380,533	431,135	1,046,295	780,908
Total personnel costs	1,997,148	351,015	290,640	691,079	291	3,330,173	265,129	1,050,808	1,315,937	4,646,110	4,595,458
Printing and publications	90,377	4,598	3,692	653,224		751,891	943	100,386	101,329	853,220	924,846
Contract labor	184,596	10,068	47,447	72,396	60	314,567	75,818	200,689	276,507	591,074	548,997
Occupancy, utilities, and insurance	252,126	28,518	21,032	63,377	173	365,226	18,776	53,863	72,639	437,865	322,670
Grants and allocations	174,265	49,925			77,000	301,190			-	301,190	411,867
Conference, conventions, and meetings	53,776	3,008	14,937	58,198		129,919	1,891	134,709	136,600	266,519	266,439
Equipment rental and maintenance	57,203	3,489	8,919	27,948	27	97,586	13,533	25,596	39,129	136,715	148,676
Travel	46,444	13,865	11,912	7,036	246	79,503	3,789	34,805	38,594	118,097	97,388
Depreciation and amortization	48,889	5,837	4,462	10,540	42	69,770	4,373	10,956	15,329	85,099	58,107
Staff recruitment	2,528	291		495		3,314	160	52,699	52,859	56,173	3,575
Telephone	22,763	3,448	2,414	6,331	22	34,978	2,659	6,110	8,769	43,747	40,454
Interest and bank charges						-	5,410	37,466	42,876	42,876	46,016
Postage and shipping	4,177	191	40	12,255		16,663	900	18,002	18,902	35,565	66,905
Office and other supplies	16,077	1,664	595	3,286	54	21,676	5,145	4,967	10,112	31,788	40,470
Miscellaneous	633	36		665		1,334	1,910	3,048	4,958	6,292	20,715
Taxes and licenses	903	59	30	83	2	1,077	43	452	495	1,572	1,134
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 2,951,905	\$ 476,012	\$ 406,120	\$ 1,606,913	\$ 77,917	\$ 5,518,867	\$ 400,479	\$ 1,734,556	\$ 2,135,035	\$ 7,653,902	
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 2,892,470	\$ 500,164	\$ 357,709	\$ 1,795,847	\$ 78,157	\$ 5,624,347	\$ 445,035	\$ 1,524,335	\$ 1,969,370		\$ 7,593,717

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, 2018

With comparative totals for the year ended June 30, 2017

	2018	2017
CASH FLOWS TO OPERATING ACTIVITIES:		
Change in net assets	\$ (2,089,697)	\$ (1,146,039)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation and amortization	85,099	58,107
Loss on disposal of property and equipment	-	176
(Gain) on investments	(398,783)	(337,426)
(Increase) decrease in operating assets:		
Grants receivable	109,785	(76,718)
Other receivables	(5,533)	(10,595)
Accrued interest	8,288	11,032
Bequests receivable	(76,695)	395,940
Pledges receivable	304,000	(413,000)
Prepaid expenses	37,904	(55,242)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	42,271	(138,477)
Deferred revenue	518	27,044
	(1,982,843)	(1,685,198)
NET CASH (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	2,765,988	4,476,333
Purchase of investments	(390,129)	(2,449,660)
Interest and dividend income reinvested	(130,049)	(176,601)
Purchase of property and equipment	(9,376)	(135,609)
	2,236,434	1,714,463
NET CASH PROVIDED BY INVESTING ACTIVITIES		
NET INCREASE IN CASH	253,591	29,265
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	737,366	708,101
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 990,957	\$ 737,366

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

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

1. Organization

Alzheimer's Greater Los Angeles' ("ALZGLA") mission is to improve the lives of local families affected by Alzheimer's & dementia by increasing awareness, delivering effective programs & services, providing compassionate support, advocating for quality care and a cure, and supporting local research. 100% of all money raised stays local, allowing us to provide free care and support to the community we serve in Greater Los Angeles and the Inland Empire.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of ALZGLA are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest and dividends from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted. ALZGLA reports gifts of cash and other assets as temporarily 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 the purpose of the 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 restriction of time or purpose.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit ALZGLA to expend all of the income (or other economic benefits) derived from the donated assets. ALZGLA has no permanently restricted net assets at June 30, 2018.

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

ALZGLA has defined cash and cash equivalents as highly-liquid investments with maturities of three months or less when purchased, and not held for investment purposes.

Grants and Pledges Receivable

Grants receivable and unconditional pledges are reported as assets and as revenues or gains in the period in which the grant or pledge is received. An allowance for uncollectible grants and pledges is recorded based on an analysis of collection histories and on a review of the credit worthiness of grantors and donors. Based on management's estimate, no allowance for doubtful grants or pledges was recorded for the year ended June 30, 2018. 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 pledges. The market rates during the 2018 year were nominal: no discounts were recognized on pledges made during the current year ended June 30, 2018.

Accounts Receivable

ALZGLA uses the allowance method in order to reserve for potentially uncollectible accounts receivable.

Investments

ALZGLA values its investments at fair value based on quoted market prices. Realized and unrealized gains and losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as investment income. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

ALZGLA is required to measure certain investments and in-kind contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

continued

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risk

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

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 state government agency. At times, cash balances may exceed FDIC insurance limits. ALZGLA has not experienced any losses in such accounts and believes that they are 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.

Property and Equipment

Property and equipment are recorded at cost if purchased, or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than five years.

Donated Materials and Services

Non-cash contributions of materials are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of non-cash services that create or enhance non-financial assets or that require specialized skills are recorded at fair value in the period received. These services are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, hence they are recorded at fair value in the period received. For the year ended June 30, 2018, ALZGLA received \$464,000 of donated services which met the criteria for recognition.

Management estimates that 1,169 volunteers have donated in excess of 4,441 hours answering help-line telephones, assisting with special events and providing other non-specialized administrative services. However, since there is no objective basis for measuring and valuing these services, they are not reflected in the accompanying financial statements.

Income Taxes

ALZGLA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

continued

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by ALZGLA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. ALZGLA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing ALZGLA's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. ALZGLA uses a combination of relative square footage and salary costs to allocate indirect costs.

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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ALZGLA's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through October 15, 2018, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

3. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. Management has deemed these pledges collectible; accordingly no allowance for doubtful accounts has been established for uncollectible pledges. Additionally, all pledges are valued at their estimated fair value at June 30, 2018. Total amount of pledges receivable at June 30, 2018, of \$167,000 is expected to be collected as follows:

<u>Year ending June 30,</u>	
2019	\$114,500
2020	27,000
2021	<u>25,500</u>
Pledges receivable, net at June 30, 2018	<u>\$167,000</u>
Restricted for:	
Programs and services	<u>\$167,000</u>

4. Investments

Investments at June 30, 2018 consist of the following:

Fixed income	
Corporate bonds	\$1,343,751
Municipal bonds	51,790
U.S. Treasuries	713,383
CMO and asset backed securities	9,557
Equities	1,895,674
Exchange traded funds	<u>480,369</u>
Total investments	<u>\$4,494,524</u>

These amounts are not necessarily indicative of the amounts ALZGLA could realize in a current market exchange. ALZGLA's investment portfolio is actively managed by professional investment advisers. The investment advisers routinely sell and purchase investments to achieve the desired portfolio mix and holdings.

The investment returns for the year ended June 30, 2018 consist of the following:

Interest and dividend income	\$ 130,049
Realized gain - net	593,927
Change in value of investments	<u>(195,144)</u>
	528,832
Investment expenses	<u>(43,482)</u>
Total investment income	<u>\$ 485,350</u>

continued

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

5. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2018 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income				
Corporate bonds	\$1,343,751	\$ -	\$ -	\$1,343,751
Municipal bonds	51,790			51,790
U.S. Treasuries	713,383			713,383
CMO and asset backed securities	9,557			9,557
Equities	1,895,674			1,895,674
Exchange traded funds	<u>480,369</u>	<u> </u>	<u> </u>	<u>480,369</u>
	<u>\$4,494,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,494,524</u>

The fair values of investments have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below presents transactions measured at fair value on a non-recurring basis during the ended at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	<u>\$ -</u>	<u>\$464,000</u>	<u>\$ -</u>	<u>\$464,000</u>

The fair value of donated services has been measured on a non-recurring basis using quoted prices for similar services in active markets (Level 2 inputs).

6. Property and Equipment

Property and equipment at June 30, 2018 consist of the following:

Branding, trademarks and copyrights	\$ 232,345
Office equipment	234,100
Furniture and fixtures	51,608
Leasehold improvements	<u>30,863</u>
	548,916
Less: accumulated depreciation	<u>(237,464)</u>
	<u>\$ 311,452</u>

Depreciation expense for the year ended June 30, 2018 was \$85,099.

continued

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

7. Accrued Liabilities

Accrued liabilities at June 30, 2018 consist of the following:

Accrued vacation	\$200,603
Accrued payroll	125,831
Other accrued liabilities	<u>213,354</u>
	<u>\$539,788</u>

8. Due to Alzheimer's Association Shared Fundraising

Under the affiliate agreement with Alzheimer's Association, 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 disaffiliated with Alzheimer's Association in 2016.

The terms of the agreement included the sharing of defined net fundraising revenue between Alzheimer's Association and ALZGLA. In addition, any grants or donations collected by ALZGLA but restricted for research were passed through to Alzheimer's Association. At June 30, 2018, ALZGLA owed Alzheimer's Association \$38,239, 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.

9. Commitments and Contract Contingencies

Obligations Under Operating Leases

ALZGLA leases office space under operating leases. Future minimum payments, by year and in aggregate, under these leases consist of the following:

<u>Year ending June 30,</u>	
2019	\$ 375,368
2020	348,242
2021	358,690
2022	369,450
2022	380,535
Thereafter	<u>470,383</u>
Total obligations	<u>\$2,302,668</u>

Rent and other operating lease expenses for the year ended June 30, 2018 were \$410,575.

continued

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

9. Commitments and Contract Contingencies, continued

Contracts

ALZGLA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, ALZGLA has made no provision for the possible disallowance of program costs on its financial statements.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 consist of the following:

For specific programs	
Family education and services	\$2,505,427
Communication equipment	63,500
Research	13,710
Naming	5,000
Public policy	3,754
Professional training	<u>1,210</u>
	2,592,601
Assets required to be held until June 30, 2022	<u>700,000</u>
	<u>\$3,292,601</u>

For the year ended June 30, 2018 net assets released from time and purpose restrictions were \$1,308,982.

11. Revenue from Government Agencies

Fees from government grants for the year ended June 30, 2018 consist of the following:

Senior Services	\$282,156
Dementia Caregiver Support Project	166,813
Coordinated Care	144,319
Geriatrics Workforce Enhancement	<u>50,000</u>
	<u>\$643,288</u>

continued

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

11. Revenue from Government Agencies, continued

Senior services revenue consist of counties and city funds that contractually require matching amounts from ALZGLA. The breakdown of the \$282,156, including matching amounts that derive from contributions, is as follows:

<u>Agency</u>	<u>Senior Services</u>	<u>Match</u>	<u>Total Costs</u>
City of Los Angeles	\$155,556	\$ 57,253	\$212,809
County of Los Angeles	60,526	27,541	88,067
Riverside County	63,721	21,596	85,317
Others	<u>2,353</u>	<u>-</u>	<u>2,353</u>
	<u>\$282,156</u>	<u>\$106,390</u>	<u>\$388,546</u>

12. Trust Income

ALZGLA receives distributions of income from the Sally Gail Lindsey Trust ("the Trust"). In 2009, upon Ms. Lindsey's death, 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 at June 30, 2018 was \$14,015,524. Distributions received by ALZGLA were \$649,833, for the year ended June 30, 2018.

13. 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 during the year ended June 30, 2018, includes joint costs of \$650,985, respectively, that are not directly attributable to either the program or the fund-raising component of the activities. The costs were allocated as follows:

Public awareness	\$541,392
Fundraising	<u>109,593</u>
Total	<u>\$650,985</u>

ALZHEIMER'S GREATER LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

14. Employee Benefit Plans

ALZGLA maintains a defined contribution retirement plan which covers substantially all employees meeting minimum service requirements. Employees may make voluntary contributions up to 25% of their salaries. ALZGLA makes matching employer contributions of between one and five percent of salary based on employee elections. Employer contributions to the plan were \$130,390 for the year ended June 30, 2018.

ALZGLA also maintains a defined contribution plan which suspended employer contributions as of November 1, 2008.

ADDITIONAL INFORMATION

**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 *Government Auditing Standards***

To 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 ("ALZGLA"), which comprise the Statement of Financial Position as of June 30, 2018, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ALZGLA'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 ALZGLA's internal control. Accordingly, we do not express an opinion on the effectiveness of ALZGLA'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 ALZGLA's financial statements are free of 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*.

**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 *Government Auditing Standards***
continued

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Pasadena, California
October 15, 2018