



**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

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**FINANCIAL STATEMENTS  
and  
ADDITIONAL INFORMATION**

**JUNE 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

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To the Board of Directors  
Alzheimer's Greater Los Angeles  
dba Alzheimer's Los Angeles

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

We have audited the accompanying financial statements of Alzheimer's Greater Los Angeles dba Alzheimer's Los Angeles (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2019, 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 dba Alzheimer's Los Angeles as of June 30, 2019, 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

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Alzheimer's Greater Los Angeles' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 14, 2019, on our consideration of Alzheimer's Greater Los Angeles dba Alzheimer's 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 dba Alzheimer's 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 dba Alzheimer's Los Angeles' internal control over financial reporting and compliance.

*Harrington Group*

Pasadena, California

October 14, 2019

**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

STATEMENT OF FINANCIAL POSITION

June 30, 2019

With comparative totals at June 30, 2018

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 608,942	\$ 990,957
Grants receivable - government, state, and federal	140,295	86,302
Grants receivable - other	203,500	128,258
Bequests receivable	69,722	76,695
Other receivables	11,861	16,400
Accrued interest	5,733	10,564
Pledges receivable (Note 4)	1,352,500	167,000
Investments (Note 5)	4,201,711	4,494,524
Prepaid expenses	139,185	123,714
Land held for investment	5,000	5,000
Property and equipment - net (Note 7)	375,724	311,452
	<b>\$ 7,114,173</b>	<b>\$ 6,410,866</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 50,452	\$ 85,106
Accrued liabilities (Note 8)	559,327	578,027
Deferred grant revenue	18,445	28,747
	<b>628,224</b>	<b>691,880</b>
<b>NET ASSETS</b>		
Without donor restrictions	2,122,985	2,426,385
With donor restrictions (Note 10)	4,362,964	3,292,601
	<b>6,485,949</b>	<b>5,718,986</b>
	<b>\$ 7,114,173</b>	<b>\$ 6,410,866</b>

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

**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions	\$ 3,635,284	\$ 1,686,105	\$ 5,321,389	\$ 2,740,954
Special events	251,125	703,466	954,591	1,118,747
Government grants (Note 11)	473,572		473,572	643,288
Investment income - net (Note 5)	229,175		229,175	485,350
Gifts in kind	125,000		125,000	464,000
Other grants			-	53,019
Program service and educational workshop fees	23,036		23,036	23,572
Other	36,018		36,018	31,074
Sales of merchandise, net of direct expenses of \$1,201 and \$2,084, respectively	4,591		4,591	4,201
Net assets released from restrictions (Note 10)	1,319,208	(1,319,208)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>6,097,009</b>	<b>1,070,363</b>	<b>7,167,372</b>	<b>5,564,205</b>
<b>EXPENSES</b>				
Program services	4,714,673		4,714,673	5,518,867
Supporting services	1,685,736		1,685,736	2,135,035
<b>TOTAL EXPENSES</b>	<b>6,400,409</b>	<b>-</b>	<b>6,400,409</b>	<b>7,653,902</b>
<b>CHANGE IN NET ASSETS</b>	<b>(303,400)</b>	<b>1,070,363</b>	<b>766,963</b>	<b>(2,089,697)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,426,385</b>	<b>3,292,601</b>	<b>5,718,986</b>	<b>7,808,683</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,122,985</b>	<b>\$ 4,362,964</b>	<b>\$ 6,485,949</b>	<b>\$ 5,718,986</b>

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

**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2019  
With comparative totals for the year ended June 30, 2018

	Program Services				
	Family Services and Education	Professional Training	Public Policy	Public Awareness	Research
Salaries	\$ 1,513,143	\$ 220,070	\$ 266,218	\$ 492,745	\$ 14,567
Payroll taxes and employee benefits	337,458	48,629	58,748	109,198	3,163
Total personnel costs	1,850,601	268,699	324,966	601,943	17,730
Printing and publications	101,892	12,897	2,722	302,644	
Occupancy, utilities, and insurance	273,320	22,899	23,964	63,734	1,431
Contract labor	111,957	20,666	15,217	60,472	210
Conference, conventions, and meetings	65,200	926	8,623	43,304	
Grants and allocations	139,304	500	1,863		77,000
Equipment rental and maintenance	47,173	2,686	9,710	28,972	108
Telephone	47,341	4,670	5,660	12,723	215
Depreciation and amortization	45,045	3,857	4,502	9,685	150
Travel	31,194	3,631	7,001	5,846	325
Interest and bank charges				4	
Office and other supplies	12,447	1,812	478	2,805	61
Postage and shipping	4,005	30	25	4,740	
Bad debt expense					
Miscellaneous	1,912				
Taxes and licenses	547	33	51	104	1
Cost of books and materials sold					
Staff recruitment				440	
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 2,731,938</b>	<b>\$ 343,306</b>	<b>\$ 404,782</b>	<b>\$ 1,137,416</b>	<b>\$ 97,231</b>
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<b>\$ 2,951,905</b>	<b>\$ 476,012</b>	<b>\$ 406,120</b>	<b>\$ 1,606,913</b>	<b>\$ 77,917</b>

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

**ALZHEIMER'S GREATER LOS ANGELES  
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STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2019  
With comparative totals for the year ended June 30, 2018  
continued

Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	
	Management and General	Fundraising		2019	2018
\$ 2,506,743	\$ 216,404	\$ 614,155	\$ 830,559	\$ 3,337,302	\$ 3,599,815
557,196	47,746	135,892	183,638	740,834	1,046,295
3,063,939	264,150	750,047	1,014,197	4,078,136	4,646,110
420,155	329	73,610	73,939	494,094	853,220
385,348	20,551	61,704	82,255	467,603	437,865
208,522	46,432	174,570	221,002	429,524	591,074
118,053	1,926	118,385	120,311	238,364	266,519
218,667				218,667	301,190
88,649	8,625	25,766	34,391	123,040	136,715
70,609	5,233	13,012	18,245	88,854	43,747
63,239	4,025	10,374	14,399	77,638	85,099
47,997	2,806	21,464	24,270	72,267	118,097
4	4,194	28,408	32,602	32,606	42,876
17,603	5,045	3,804	8,849	26,452	31,788
8,800	622	14,685	15,307	24,107	35,565
		20,000	20,000	20,000	-
1,912	1,041	3,821	4,862	6,774	6,292
736	46	419	465	1,201	1,572
-				-	-
440		642	642	1,082	56,173
<b>\$ 4,714,673</b>	<b>\$ 365,025</b>	<b>\$ 1,320,711</b>	<b>\$ 1,685,736</b>	<b>\$ 6,400,409</b>	
<b>\$ 5,518,867</b>	<b>\$ 400,479</b>	<b>\$ 1,734,556</b>	<b>\$ 2,135,035</b>		<b>\$ 7,653,902</b>

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



**ALZHEIMER'S GREATER LOS ANGELES  
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STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	2019	2018
<b>CASH FLOWS TO OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 766,963	\$ (2,089,697)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Donated real property in contributions	(120,000)	-
Depreciation and amortization	77,638	85,099
(Gain) on investments	(180,784)	(398,783)
(Increase) decrease in operating assets:		
Grants receivable	(129,235)	109,785
Other receivables	4,539	(5,533)
Accrued interest	4,831	8,288
Bequests receivable	6,973	(76,695)
Pledges receivable	(1,185,500)	304,000
Prepaid expenses	(15,471)	37,904
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(53,354)	42,271
Deferred revenue	(10,302)	518
	<b>(833,702)</b>	<b>(1,982,843)</b>
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	2,250,032	2,765,988
Purchase of investments	(1,681,038)	(390,129)
Interest and dividend income reinvested	(95,397)	(130,049)
Purchase of property and equipment	(21,910)	(9,376)
	<b>451,687</b>	<b>2,236,434</b>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(382,015)</b>	<b>253,591</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>990,957</b>	<b>737,366</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 608,942</b>	<b>\$ 990,957</b>

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

**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

NOTES TO FINANCIAL STATEMENTS

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**1. Organization**

Alzheimer's Greater Los Angeles dba Alzheimer's Los Angeles' ("ALZLA") mission is to improve the lives of local families affected by Alzheimer's and dementia by increasing awareness, delivering effective programs and 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 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.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without Donor Restrictions.** These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**With Donor Restrictions.** Net assets are subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents**

ALZLA 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.

continued

**ALZHEIMER'S GREATER LOS ANGELES  
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NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**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, 2019. 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 2019 year were nominal: no discounts were recognized on pledges made during the current year ended June 30, 2019.

**Accounts Receivable**

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

**Investments**

ALZLA 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

ALZLA 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.

**Concentration of Credit Risk**

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

continued

**ALZHEIMER'S GREATER LOS ANGELES  
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NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

ALZLA 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. ALZLA 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, 2019, ALZLA received \$125,000 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**

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

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 ALZLA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. ALZLA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

continued

**ALZHEIMER'S GREATER LOS ANGELES  
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NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Functional Allocation of Expenses**

Costs of providing ALZLA'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. ALZLA 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.

**Recently Adopted Accounting Pronouncement**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. ALZLA's financial statements for year-ended June 30, 2019 are presented in accordance with ASU 2016-14.

**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 ALZLA's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

continued

**ALZHEIMER'S GREATER LOS ANGELES  
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NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Reclassification**

Certain accounts from the June 30, 2018 financial statements have been reclassified for comparative purposes to conform to June 30, 2019 presentation.

**Subsequent Events**

Management has evaluated subsequent events through October 14, 2019, 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.

**3. Liquidity and Availability of Resources**

ALZLA defines general expenditures to include expenses from all functional categories and from all funds. ALZLA receives as much as \$1 million of contributions each year that are broadly restricted to family and education services, which include the vast majority of all program expenses. Therefore, significant balances of restricted assets are used to meet current obligations.

As of June 30, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year ended:

Cash and cash equivalents	\$ 608,942
Other receivables	431,111
Pledges receivable, gross	1,352,500
Investments, gross	<u>4,201,711</u>
Total financial assets	<u>6,594,264</u>
Less amounts not available to be used in operations:	
Pledges with liquidity horizons greater than one year – (Note 10)	(1,055,000)
Net assets with time restriction – Edlemen Estate (Note 10)	(700,000)
Restricted net assets to be expended beyond one year	<u>(677,458)</u>
	<u>(2,432,458)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,161,806</u>

continued

**ALZHEIMER'S GREATER LOS ANGELES  
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NOTES TO FINANCIAL STATEMENTS

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**4. 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. The discount is immaterial to the financial statements, therefore, not recorded. Lastly, all pledges are valued at their estimated fair value at June 30, 2019. Total amount of pledges receivable at June 30, 2019, of \$1,352,500 is expected to be collected as follows:

<u>Year ending June 30,</u>	
2020	\$ 297,000
2021	295,500
2022	270,000
2023	245,000
2024	<u>245,000</u>
Pledges receivable, net at June 30, 2019	<u>\$1,352,500</u>
Restricted for:	
Programs and services	<u>\$1,352,500</u>

**5. Investments**

Investments at June 30, 2019 consist of the following:

Fixed income	
Corporate bonds	\$1,030,666
U.S. Treasuries	362,687
CMO and asset backed securities	8,743
Equities	1,335,268
Exchange traded funds	217,443
Mutual funds	<u>1,246,904</u>
Total investments	<u>\$4,201,711</u>

These amounts are not necessarily indicative of the amounts ALZLA could realize in a current market exchange. ALZLA'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, 2019 consist of the following:

Interest and dividend income	\$ 95,397
Realized gain - net	283,718
Change in value of investments	<u>(102,934)</u>
	276,181
Investment expenses	<u>(47,006)</u>
Total investment income	<u>\$ 229,175</u>

continued

**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

NOTES TO FINANCIAL STATEMENTS

**6. Fair Value Measurements**

The table below presents the balances of assets measured at fair value at June 30, 2019 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds	\$1,030,666	\$ -	\$ -	\$1,030,666
U.S. Treasuries	362,687			362,687
CMO and asset backed securities	8,743			8,743
Equities	1,335,268			1,335,268
Exchange traded funds	217,443			217,443
Mutual funds	<u>1,246,904</u>			<u>1,246,904</u>
	<u>\$4,201,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,201,711</u>

The fair values of fixed income, equities, exchange traded funds, and mutual funds 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 year ended at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledges receivable – new	\$ -	\$1,435,000	\$ -	\$1,435,000
Donated services		<u>125,000</u>		<u>125,000</u>
	<u>\$ -</u>	<u>\$1,560,001</u>	<u>\$ -</u>	<u>\$1,560,001</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).

**7. Property and Equipment**

Property and equipment at June 30, 2019 consist of the following:

Branding, trademarks, and copyrights	\$ 232,345
Office equipment	256,010
Residential Estate property	120,000
Furniture and fixtures	51,608
Leasehold improvements	<u>30,863</u>
	690,826
Less: accumulated depreciation	<u>(315,102)</u>
	<u>\$ 375,724</u>

Depreciation expense for the year ended June 30, 2019 was \$77,638.

continued



**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

NOTES TO FINANCIAL STATEMENTS

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**8. Accrued Liabilities**

Accrued liabilities at June 30, 2019 consist of the following:

Accrued vacation	\$210,824
Accrued payroll	165,595
Other accrued liabilities	<u>182,908</u>
	<u>\$559,327</u>

**9. Commitments and Contract Contingencies**

**Obligations Under Operating Leases**

ALZLA 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>	
2020	\$ 386,362
2021	387,918
2022	369,450
2023	380,535
2024	406,342
Thereafter	<u>64,041</u>
Total obligations	<u>\$1,994,648</u>

Rent and other operating lease expenses for the year ended June 30, 2019 were \$423,547.

**Contracts**

ALZLA'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, ALZLA has made no provision for the possible disallowance of program costs on its financial statements.

continued

**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

NOTES TO FINANCIAL STATEMENTS

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**10. Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2019 consist of the following:

For purpose restriction:	
Family education and services	\$3,487,298
Professional training	62,536
Communication equipment	51,340
Research	29,360
Administration and public awareness	28,500
Naming	2,500
Public policy	<u>1,430</u>
	3,662,964
Restricted by time:	
Assets required to be held until June 30, 2022	<u>700,000</u>
	<u>\$4,362,964</u>

For the year ended June 30, 2019 net assets released from time and purpose restrictions were \$1,319,208.

**11. Revenue from Government Agencies**

Fees from government grants for the year ended June 30, 2019 consist of the following:

Senior Services	\$348,933
Dementia Caregiver Support Project	51,718
Coordinated Care	22,921
Geriatrics Workforce Enhancement	<u>50,000</u>
	<u>\$473,572</u>

Senior services revenue consists of federal, counties, and city funds that contractually require matching amounts from ALZLA. The breakdown of the \$348,933, 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	\$225,215	\$ 81,942	\$307,157
Riverside County	66,324	22,482	88,806
Administration for Community Living	43,571	20,103	63,674
Others	<u>13,823</u>	<u>1,074</u>	<u>24,897</u>
	<u>\$348,933</u>	<u>\$135,601</u>	<u>\$484,534</u>

continued

**ALZHEIMER'S GREATER LOS ANGELES  
DBA ALZHEIMER'S LOS ANGELES**

NOTES TO FINANCIAL STATEMENTS

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**12. Trust Income**

ALZLA receives distributions of income from the Sally Gail Lindsey Trust ("the Trust"). In 2009, upon Ms. Lindsey's death, ALZLA became sole beneficiary of the Trust, and as such is entitled to distributions of income from the Trust as long as ALZLA 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 ALZLA, distributing all of the net income of the Trust to ALZLA in quarterly or more frequent intervals. The market value of the known investments at June 30, 2019 was \$14,647,071. A total of \$677,776 was received by ALZLA for the year ended June 30, 2019.

**13. Joint Costs**

ALZLA achieves some of its programmatic goals through direct mail and annual walk events that include requests for contributions. The costs of conducting the events during the year ended June 30, 2019, includes joint costs of \$426,854, 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	\$322,683
Fundraising	<u>104,171</u>
Total	<u>\$426,854</u>

**14. Employee Benefit Plans**

ALZLA 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. ALZLA makes matching employer contributions of between one and five percent of salary based on employee elections. Employer contributions to the plan were \$128,600 for the year ended June 30, 2019.

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

**ADDITIONAL INFORMATION**

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**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***

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To the Board of Directors  
Alzheimer's Greater Los Angeles  
dba Alzheimer's 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 dba Alzheimer's Los Angeles ("ALZLA"), which comprise the Statement of Financial Position as of June 30, 2019, 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 14, 2019.

**Internal Control Over Financial Reporting**

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

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**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 14, 2019