

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

ALZHEIMER'S DEISEASE RESOURCE CENTER, INC.

(A NONPROFIT ORGANIZATION)

TABLE OF CONTENTS

	<u>PAGE</u>
<i>INDEPENDENT AUDITOR'S REPORT</i>	<i>1 - 2</i>
<i>FINANCIAL STATEMENTS:</i>	
<i>STATEMENTS OF FINANCIAL POSITION</i>	<i>3 - 4</i>
<i>STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</i>	<i>5 - 6</i>
<i>STATEMENTS OF FUNCTIONAL EXPENSES</i>	<i>7</i>
<i>STATEMENTS OF CASH FLOWS</i>	<i>8 - 9</i>
<i>NOTES TO FINANCIAL STATEMENTS</i>	<i>10 - 18</i>

To the Board of Directors of
Alzheimer's Disease Resource Center, Inc.
Bay Shore, New York

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Alzheimer's Disease Resource Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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. 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 Disease Resource Center, Inc. as of June 30, 2014 and 2013, 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.

Curcio, Wieselthier & Cohen, C.P.A.'s, P.C.

New York, New York
January 27, 2015

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30,

	<u>2014</u>	<u>2013</u>
<i>ASSETS</i>		
<i>Current Assets:</i>		
Cash	\$ 6,351	\$ 53,924
Contributions Receivable	131,975	19,618
Grants Receivable	285,000	172,513
Prepaid Expenses and Other Receivables	10,356	84,408
Inventory - Jewelry	7,186	7,114
	<u>440,868</u>	<u>337,577</u>
Total Current Assets		
	<u>1,245,748</u>	<u>1,288,317</u>
<i>Property and Equipment - Net</i>		
<i>Other Assets:</i>		
Cash - Restricted for Capital Campaign	5,321	438,399
Security Deposits	6,020	6,020
	<u>11,341</u>	<u>444,419</u>
Total Other Assets		
	<u>\$ 1,697,957</u>	<u>\$ 2,070,313</u>
Total Assets		

The accompanying notes are an integral part of the financial statements.
"See independent auditor's report."

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30,

	<u>2014</u>	<u>2013</u>
<i>LIABILITIES AND NET ASSETS</i>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 102,188	\$ 22,358
Deferred Revenue	86,266	72,600
Mortgages Payable	9,190	158,644
Accrued Expenses	23,366	213,676
Line of Credit	125,000	-
	<u>346,010</u>	<u>467,278</u>
<i>Long Term Liabilities:</i>		
Mortgages Payable	<u>266,808</u>	<u>276,282</u>
	<u>266,808</u>	<u>276,282</u>
	<u>612,818</u>	<u>743,560</u>
<i>Net Assets:</i>		
Unrestricted	1,079,818	888,354
Temporarily Restricted	<u>5,321</u>	<u>438,399</u>
	<u>1,085,139</u>	<u>1,326,753</u>
	<u>\$ 1,697,957</u>	<u>\$ 2,070,313</u>

The accompanying notes are an integral part of the financial statements.
"See independent auditor's report."

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<i>Revenue and Support:</i>				
Fundraising Events	\$ 472,054	\$ -	\$ -	\$ 472,054
Contributions - Individuals	235,242	-	-	235,242
Contributions - Foundations	100,000	-	-	100,000
Contributions in Kind	43,920	-	-	43,920
Government Grants	150,000	-	-	150,000
Contributions - Corporate/Other	18,017	-	-	18,017
Education Conference	29,956	-	-	29,956
Seminars and Other Programs	5,140	-	-	5,140
Web-Store Jewelry Sales	23	-	-	23
Net Assets Released from Restrictions	433,495	(433,495)	-	-
Interest Income	-	417	-	417
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue and Support	1,487,847	(433,078)	-	1,054,769
<i>Expenditures:</i>				
Program Services	741,179	-	-	741,179
Fundraising Costs	420,305	-	-	420,305
General and Administrative	134,899	-	-	134,899
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	1,296,383	-	-	1,296,383
<i>Increase (Decrease) in Net Assets</i>	191,464	(433,078)	-	(241,614)
<i>Net Assets, Beginning of Year</i>	888,354	438,399	-	1,326,753
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net Assets, End of Year</i>	<u>\$ 1,079,818</u>	<u>\$ 5,321</u>	<u>\$ -</u>	<u>\$ 1,085,139</u>

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

"See independent auditor's report."

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<i>Revenue and Support:</i>				
Fundraising Events	\$ 650,021	\$ -	\$ -	\$ 650,021
Contributions - Individuals	107,608	-	-	107,608
Contributions in Kind	20,000	-	-	20,000
Government Grants	135,000	-	-	135,000
Contributions - Corporate/Other	7,930	-	-	7,930
Education Conference	23,332	-	-	23,332
Seminars and Other Programs	680	-	-	680
Web-Store Jewelry Sales	586	-	-	586
Net Assets Released from Restrictions	313,274	(313,274)	-	-
Interest Income	-	1,877	-	1,877
	<u>1,258,431</u>	<u>(311,397)</u>	<u>-</u>	<u>947,034</u>
<i>Expenditures:</i>				
Program Services	1,208,292	-	-	1,208,292
Fundraising Costs	414,906	-	-	414,906
General and Administrative	97,960	-	-	97,960
	<u>1,721,158</u>	<u>-</u>	<u>-</u>	<u>1,721,158</u>
<i>Increase (Decrease) in Net Assets</i>	(462,727)	(311,397)	-	(774,124)
<i>Net Assets, Beginning of Year</i>	1,351,081	749,796	-	2,100,877
<i>Net Assets, End of Year</i>	<u>\$ 888,354</u>	<u>\$ 438,399</u>	<u>\$ -</u>	<u>\$ 1,326,753</u>

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

"See independent auditor's report."

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30,

	2014				2013			
	Program Services	General and Admin Expenses	Fund - Raising Costs	Total	Program Services	General and Admin Expenses	Fund - Raising Costs	Total
<i>Expenditures:</i>								
Salaries and Wages	\$ 264,455	\$ 14,692	\$ 14,692	\$ 293,839	\$ 334,304	\$ 18,572	\$ 18,572	\$ 371,448
Fundraising Event Expenses	-	-	285,406	285,406	-	-	315,626	315,626
Professional Fees	93,900	93,901	93,901	281,702	38,274	38,274	38,274	114,822
Marketing, Advertising, and Promotion	53,014	2,945	2,945	58,904	56,949	3,164	3,164	63,277
Depreciation	44,471	2,471	2,471	49,413	44,880	2,493	2,493	49,866
Repairs and Maintenance	33,921	1,884	1,884	37,689	25,080	1,393	1,393	27,866
Payroll Taxes and Processing	28,145	1,564	1,564	31,273	31,711	1,762	1,762	35,235
Education Conference and Meetings	30,904	-	-	30,904	53,654	-	-	53,654
Outside Contract Labor	8,316	8,315	8,315	24,946	19,173	19,172	19,172	57,517
Office Supplies	20,741	1,152	1,152	23,045	17,522	973	973	19,468
Interest Expense	19,331	1,074	1,074	21,479	22,160	1,231	1,231	24,622
Insurance	18,572	1,032	1,032	20,636	16,986	944	944	18,874
Seminars and Other Programs	18,693	-	-	18,693	9,325	-	-	9,325
Computer Cost and Web Hosting	14,517	807	807	16,131	33,114	1,840	1,840	36,794
Rent	13,254	736	736	14,726	16,990	944	944	18,878
Telephone	12,159	675	675	13,509	13,137	730	730	14,597
Utilities	11,600	645	645	12,890	10,058	559	559	11,176
Employee Benefits	11,243	625	625	12,493	19,758	1,098	1,098	21,954
Bank and Credit Card Processing fees	10,603	589	589	11,781	7,385	410	410	8,205
Postage and Shipping	10,133	563	563	11,259	35,963	1,998	1,998	39,959
Travel	8,232	457	457	9,146	10,432	580	580	11,592
Purchased Publications and Printing	7,150	397	397	7,944	20,100	1,117	1,117	22,334
Equipment Rental/Offsite Storage	6,489	361	361	7,211	10,447	580	580	11,607
Training and Development	1,089	-	-	1,089	8,070	-	-	8,070
NYS Franchise Report Fee	247	14	14	275	247	14	14	275
National Marketing Program	-	-	-	-	189,869	-	-	189,869
Bad Debt Expense	-	-	-	-	160,685	-	-	160,685
Dues Expense - NYS Coalition	-	-	-	-	2,019	112	112	2,243
Jewelry Costs	-	-	-	-	-	-	1,320	1,320
Total Expenditures	\$ 741,179	\$ 134,899	\$ 420,305	\$1,296,383	\$ 1,208,292	\$ 97,960	\$ 414,906	\$1,721,158

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

"See independent auditor's report."

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	<u>2014</u>	<u>2013</u>
<i>Cash Flows From Operating Activities:</i>		
Increase (Decrease) in Net Assets	\$ (241,614)	\$ (774,124)
Adjustments To Reconcile Net Assets To Net Cash Provided By Operating Activities:		
Depreciation	49,413	49,867
(Increase) or Decrease in Operating Assets:		
Prepaid Expenses and Other Receivables	74,052	31,772
Contributions Receivable	(112,357)	170,087
Grants Receivable	(112,487)	178,545
Due from National	-	78,665
Inventory - Jewelry	(72)	1,319
Net Disbursements from Cash - Restricted for Capital Campaign	433,078	146,397
Increase or (Decrease) in Operating Liabilities:		
Accounts Payable	79,830	5,981
Accrued Expenses	(190,310)	188,819
Due to National	-	(14,851)
Deferred Revenue	13,666	(88,124)
	<u>(6,801)</u>	<u>(25,647)</u>
<i>Cash Flows From Investing Activities:</i>		
Purchases of Property and Equipment	(7,128)	(49,930)
Security Deposits	-	5,655
	<u>(7,128)</u>	<u>(44,275)</u>
<i>Cash Flows From Financing Activities:</i>		
Proceeds From Line of Credit	125,000	-
Principal Payments on Mortgages Payable	(158,644)	(157,160)
	<u>\$ (33,644)</u>	<u>\$ (157,160)</u>

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

"See independent auditor's report."

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

(continued)

	<u>2014</u>	<u>2013</u>
Net Increase (Decrease) in Cash	\$ (47,573)	\$ (227,082)
Cash at Beginning of Year	<u>53,924</u>	<u>281,006</u>
Cash at End of Year	<u>\$ 6,351</u>	<u>\$ 53,924</u>

Supplemental Disclosures of Cash Flow Information:

Non-Cash Investing and Financing Activities

Cash paid during the period for:		
Interest	<u>\$ 21,479</u>	<u>\$ 24,662</u>

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

"See independent auditor's report"

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

A) Nature of Organization

The Alzheimer's Association, Long Island Chapter, Inc. ("Chapter"), incorporated in the State of New York in September, 1983, was a local chapter of the National Alzheimer's Disease and Related Disorders Association, Inc. ("National"). On October 24th, 2012, the Board of Directors of the Chapter voted unanimously to disaffiliate from the National Alzheimer's Association and to change its name from Alzheimer's Association, Long Island Chapter, Inc. to Alzheimer's Disease Resource Center, Inc. ("Organization").

The Organization continues to support research to find a cure for Alzheimer's disease. The Organization also provides care, support and education programs for families in need, to be the voice for families who are coping with Alzheimer's disease and/or other dementias, and strives to increase the public's awareness about the disease.

B) Tax Status

The Organization is a nonprofit organization exempt from income tax under Section 501(c) (3) of the U.S. Internal Revenue Code.

C) Method of Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

D) Basis of Presentation

The net assets and revenues, gains and losses of the Organization are classified for accounting and reporting purposes in three classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three classes follows:

Permanently restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Temporarily restricted - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or passage of time.

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES – (continued)

E) Revenue Recognition

Contribution revenue is recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Grant revenue is recognized as revenue in the period in which the funds are utilized by the Organization to carry out the activity stipulated in the grant agreement.

Amounts received from contributions or grants that have not yet been recognized as revenue are classified as liabilities in the balance sheet.

F) Contribution and Grants Receivable

Contribution receivable is 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 contribution receivable. Based upon historical collection statistics, management expects to collect one hundred percent (100%) of the outstanding contribution and grant receivable balance.

As such, a provision for bad debts was deemed unnecessary.

G) Contributed Materials and Services

Contributed materials and equipment are reflected as contributions and assets or expenses in the accompanying financial statements at their estimated fair values on the date of contribution. Contributed services are recognized at fair value at the date of receipt if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donations.

H) Inventory – Jewelry

The Organization's inventory consists of jewelry, which is sold through its online store and at fundraising events. Inventory is stated at the lower of cost or market and cost is determined on the first-in first-out method.

I) Reclassifications

Certain reclassifications have been made to the June 30, 2013 financial statements and notes to conform to the June 30, 2014 presentation.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES – (continued)

J) 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K) Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

L) Property, Equipment and Depreciation

Property and Equipment is stated at cost. Major expenditures for property which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets.

M) Marketing, Advertising, and Promotion Expense

The Organization follows the policy of charging the costs of marketing, advertising, and promotion to expense. These costs primarily consist of printed materials and marketing services to promote public awareness of Alzheimer's disease, fund-raising events, and the promotion of services provided by the Organization. For the years ended June 30, 2014 and 2013, marketing, advertising, and promotion expense totaled \$58,904 and \$63,277, respectively.

N) Restricted Cash - Capital Campaign

Restricted cash represents contributions that have been designated by the donors to purchase a building for the Family Care and Resource Center and to serve as a permanent home for the Organization. On June 20, 2011, the Organization purchased the building with financing from TD Bank and utilizing monies from the restricted cash accounts. The remaining restricted cash will be utilized for the repayment of the mortgages associated with the purchase of the building, the construction of the family care center, and classrooms.

N) Management Review

The Organization has performed an evaluation of subsequent events through January 27, 2015, which is the date the financial statements were available to be issued, noting no events which affect the financial statements as of June 30, 2014.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES – (continued)

O) Accounting for Uncertainty in Income Taxes

The Organization has adopted newly effective accounting for uncertainty in income taxes which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. In evaluating the Organization's tax provisions and accruals, future taxable income, the reversal of temporary differences, and tax planning strategies are considered. For tax benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The Organization recognizes interest and penalties, if any, relating to unrecognized income tax benefits in interest expense. The Organization has determined that there are no uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2011.

NOTE 2 - PROPERTY AND EQUIPMENT

Major classes of Property and Equipment consist of the following:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Life</u>
Building	\$ 1,010,387	\$ 1,010,387	39 Years
Building Improvements	62,515	61,030	39 Years
Land	120,000	120,000	N/A
Land Improvements	59,430	59,430	N/A
Office/Computer Equipment	58,660	55,737	5 Years
Leasehold Improvements	600	600	5 Years
Office Furniture	85,168	85,168	7 Years
Computer Software	11,211	19,363	5 Years
Total Property and Equipment	1,407,971	1,411,715	
Less: Accumulated Depreciation	<u>164,133</u>	<u>123,398</u>	
Property and Equipment - Net	<u>\$ 1,243,838</u>	<u>\$ 1,288,317</u>	

Depreciation expense for the years ended June 30, 2014 and 2013 totaled \$49,413 and \$49,866, respectively.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 3 - CONCENTRATIONS OF CREDIT RISK - FEDERALLY UNINSURED CASH

The Organization's cash is maintained at several banks. The Organization has exposure to credit risk to the extent its cash exceeds \$250,000 (the amount covered by federal deposit insurance) per bank. As of June 30, 2014 and 2013, there were no uninsured amounts (the amounts in excess of \$250,000).

NOTE 4 - LEASE COMMITMENTS

The Organization leases office space in Southampton, New York. The lease has an expiration date of June 30, 2015 and generally provides for the lessee to only pay insurance on the leased property.

Following is a summary of future minimum payments under the operating lease that has initial or remaining noncancelable lease terms in excess of one year at June 30, 2015:

June 30, 2015	<u>\$ 14,400</u>
---------------	------------------

The amount of rent expense incurred for the years ended June 30, 2014 and 2013 totaled \$15,847 and \$19,467, respectively.

NOTE 5 - LINE OF CREDIT

On May 30, 2014, the Organization entered into a \$125,000 loan agreement for a line of credit with a bank. Interest on the line of credit is payable monthly and bears interest at a fixed rate of 4.0% per annum. The line of credit has a maturity date that is February 28, 2015. The amount outstanding as of June 30, 2014 totaled \$125,000.

NOTE 6 - MORTGAGES PAYABLE

A) First Mortgage

On June 20, 2011, the Organization entered into a first mortgage loan agreement with TD Bank in the amount of \$300,000. The term of the note is 10 years, however the note is payable in 240 installments of \$3,094 per month including interest at a rate of 5.94% per annum. On the tenth anniversary of the mortgage, the principal balance will be \$195,037. At this point, the Organization has the option to either re-finance the mortgage or to pay off the balance (there is no prepayment penalty). The note is collateralized by the mortgaged property. As of June 30, 2014 and 2013, the amount owed on the first mortgage totaled \$275,998 and \$284,926, respectively.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 6 - MORTGAGES PAYABLE – (Continued)

B) Second Mortgage

On June 20, 2011, the Organization entered into a second mortgage loan agreement with TD Bank in the amount of \$450,000 at a rate equal to the greater of 4% or a fluctuating interest rate equal to prime plus 1%. The note is payable in monthly payments of interest-only commencing on July 1, 2011. Additionally, principal payments of \$150,000 are due on each of November 1, 2011, November 1, 2012, and November 1, 2013. The note is collateralized by the mortgaged property. This mortgage was repaid on December 2, 2013. As of June 30, 2014 and 2013, the amount owed on the second mortgage totaled \$-0- and \$150,000, respectively.

	<u>2014</u>	<u>2013</u>
Total Mortgages Payable	\$ 275,998	\$ 434,926
Less: Current Portion	<u>(9,190)</u>	<u>(158,644)</u>
Long-Term Portion	<u>\$ 266,808</u>	<u>\$ 276,282</u>

The following is a summary of future minimum payments on Mortgages Payable:

June 30, 2015	\$ 9,190
2016	9,770
2017	10,387
2018	11,043
2019	11,740
Thereafter	<u>223,868</u>
	<u>\$ 275,998</u>

NOTE 7 - MAJOR SOURCES OF SUPPORT

For the year ended June 30, 2014, approximately 34% of the Organization's support came from the Walk to End Alzheimer's fundraising events. Support and revenue associated with this event for the year ended June 30, 2014 totaled \$358,007.

For the year ended June 30, 2013, approximately 43% of the Organization's support came from the Walk to End Alzheimer's fundraising events. Support and revenue associated with this event for the year ended June 30, 2013 totaled \$402,496.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 8 - CONTRIBUTIONS IN KIND

Certain fees, materials, equipment, and supplies were donated for the benefit of the Organization. The value of these donated services, materials, and supplies that are included in the financial statements for the years ended June 30, 2014 and 2013, totaled \$43,920 and \$20,000, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLAN

Organization sponsors a non-contributory, tax-deferred annuity plan in which all employees may participate. The Plan provides for participants' pretax contributions to the Plan pursuant to Section 403(b) of the Internal Revenue Code.

NOTE 10 - FUNDRAISING EVENTS

The Organization held various fundraising events during fiscal year ended June 30, 2014.

The following schedules highlight the contributions and fundraising costs:

	Walk to End Alzheimer's	Gala Event	Golf Event	Other Events	Total
Contributions	\$ 314,087	\$ 55,925	\$ 57,119	\$ 44,922	\$ 472,054
Contributions - In Kind	43,920	-	-	-	43,920
Total Fundraising Revenues	358,007	55,925	57,119	44,922	515,974
Less: Direct fundraising costs	224,150	14,022	29,750	17,480	285,402
Proceeds before allocated costs	133,857	41,903	27,369	27,442	230,572
Less: Allocated fundraising costs	93,600	14,622	14,935	11,746	134,903
Fundraising events - net	<u>\$ 40,257</u>	<u>\$ 27,281</u>	<u>\$ 12,435</u>	<u>\$ 15,696</u>	<u>\$ 95,669</u>

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 10 - FUNDRAISING EVENTS – (Continued)

The Organization held various fundraising events during fiscal year ended June 30, 2013.

The following schedules highlight the contributions and fundraising costs:

	Walk to End Alzheimer's	Gala Event	Golf Event	Other Events	Total
Contributions	\$ 382,496	\$ 61,663	\$ 148,232	\$ 57,630	\$ 650,021
Contributions - In Kind	20,000	-	-	-	20,000
Total Fundraising Revenues	402,496	61,663	148,232	57,630	670,021
Less: Direct fundraising costs	184,990	27,518	79,540	23,574	315,622
Proceeds before allocated costs	217,506	34,145	68,692	34,056	354,399
Less: Allocated fundraising costs	59,640	9,138	21,965	8,540	99,284
Fundraising events - net	<u>\$ 157,866</u>	<u>\$ 25,007</u>	<u>\$ 46,727</u>	<u>\$ 25,516</u>	<u>\$ 255,115</u>

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(continued)

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of pledged contributions that are purpose-restricted, and are recorded as temporarily restricted. The purpose of the contributions is to fund a capital campaign to acquire a building to house The Alzheimer's Disease Resource Center, Inc. On June 20, 2011, the Organization purchased the building.

The remaining amount in temporary restricted net assets will be utilized for the repayment of the mortgages associated with the purchase of the building, the construction of classrooms and the family care center, and educational programs promoting Alzheimer's awareness.

Total purpose-restricted capital campaign pledges that were donated to the Organization (plus interest income earned) during the years ended June 30, 2014 and 2013 were \$417 and \$1,877, respectively.

For the year ended June 30, 2014, \$433,496 was released from donor restrictions.

For the year ended June 30, 2013, \$313,274 was released from donor restrictions.

Temporarily restricted net assets at June 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Purpose Restricted - Capital Campaign	\$ 5,321	\$ 438,399
	<u>\$ 5,321</u>	<u>\$ 438,399</u>