



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

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**FINANCIAL STATEMENTS  
and  
ADDITIONAL INFORMATION**

**JUNE 30, 2020**

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## CONTENTS

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Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-18
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 <i>Government Auditing Standards</i>	19-20

## 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, 2020, 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.

## INDEPENDENT AUDITORS' REPORT

continued

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### 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Alzheimer's Greater Los Angeles dba Alzheimer's Los Angeles' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 19, 2020, 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 19, 2020

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

STATEMENT OF FINANCIAL POSITION

June 30, 2020

With comparative totals at June 30, 2019

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,425,366	\$ 608,942
Grants receivable - government, state, and federal	420,823	140,295
Grants receivable - other	304,981	203,500
Bequests receivable	-	69,722
Other receivables	9,772	11,861
Accrued interest	9,072	5,733
Pledges receivable (Note 4)	2,067,500	1,352,500
Investments (Note 5)	3,527,500	4,201,711
Prepaid expenses	149,297	139,185
Land held for investment	5,000	5,000
Property and equipment - net (Note 7)	253,641	375,724
	<b>\$ 8,172,952</b>	<b>\$ 7,114,173</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 128,386	\$ 50,452
Accrued liabilities (Note 8)	554,898	559,327
Deferred grant revenue (Note 2)	209,981	18,445
Note payable (Note 9)	742,115	-
	<b>1,635,380</b>	<b>628,224</b>
<b>NET ASSETS</b>		
Without donor restrictions	2,838,269	2,122,985
With donor restrictions (Note 11)	3,699,303	4,362,964
	<b>6,537,572</b>	<b>6,485,949</b>
<b>TOTAL NET ASSETS</b>	<b>6,537,572</b>	<b>6,485,949</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,172,952</b>	<b>\$ 7,114,173</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, 2020

With comparative totals for the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions	\$ 3,640,212	\$ 784,550	\$ 4,424,762	\$ 5,321,389
Government grants (Note 12)	858,263		858,263	473,572
Special events	169,642	326,619	496,261	954,591
Gifts in kind	443,000		443,000	125,000
Investment income - net (Note 5)	178,905		178,905	229,175
Program service and educational workshop fees	16,799		16,799	23,036
Other	18,035		18,035	36,018
(Loss) on disposal of property and equipment	(9,776)		(9,776)	-
Sales of merchandise, net of direct expenses of \$14 and \$1,201, respectively	928		928	4,590
Net assets released from restrictions (Note 11)	1,774,830	(1,774,830)	-	-
	7,090,838	(663,661)	6,427,177	7,167,371
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>				
<b>EXPENSES</b>				
Program services	4,925,916		4,925,916	4,714,673
Supporting services	1,449,638		1,449,638	1,685,736
	6,375,554	-	6,375,554	6,400,409
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS</b>	715,284	(663,661)	51,623	766,962
<b>NET ASSETS, BEGINNING OF YEAR</b>	2,122,985	4,362,964	6,485,949	5,718,986
<b>NET ASSETS, END OF YEAR</b>	\$ 2,838,269	\$ 3,699,303	\$ 6,537,572	\$ 6,485,948

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, 2020

With comparative totals for the year ended June 30, 2019

	<b>Program Services</b>					<b>Total Program Services</b>
	<b>Family Education and Services</b>	<b>Professional Training</b>	<b>Public Policy</b>	<b>Public Awareness</b>	<b>Research</b>	
Salaries	\$ 1,537,089	\$ 271,573	\$ 271,260	\$ 457,345	\$ 16,806	\$ 2,554,073
Payroll taxes and employee benefits	360,488	59,801	60,320	101,370	3,686	585,665
Total personnel costs	<u>1,897,577</u>	<u>331,374</u>	<u>331,580</u>	<u>558,715</u>	<u>20,492</u>	<u>3,139,738</u>
Printing and publications	79,576	4,055	203	586,172		670,006
Occupancy, utilities, and insurance	271,071	21,124	24,438	53,171	1,708	371,512
Grants and allocations	223,456		9,540		76,000	308,996
Contract labor	54,016	11,233	6,236	16,528	291	88,304
Equipment rental and maintenance	57,643	3,478	12,691	27,275	196	101,283
Conference, conventions, and meetings	11,173	646	9,560	31,119		52,498
Telephone	53,676	5,336	6,413	11,153	287	76,865
Depreciation and amortization	45,421	3,408	4,137	7,023	190	60,179
Travel	20,763	2,607	13,455	1,660	52	38,537
Interest and bank charges						-
Postage and shipping	2,783	19	2	4,504		7,308
Office and other supplies	5,293	418	268	712	36	6,727
Miscellaneous	2,746					2,746
Taxes and licenses	879	79	91	164	4	1,217
Staff recruitment						-
Bad debt expense						-
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<u><b>\$ 2,726,073</b></u>	<u><b>\$ 383,777</b></u>	<u><b>\$ 418,614</b></u>	<u><b>\$ 1,298,196</b></u>	<u><b>\$ 99,256</b></u>	<u><b>\$ 4,925,916</b></u>
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<u><b>\$ 2,731,938</b></u>	<u><b>\$ 343,306</b></u>	<u><b>\$ 404,782</b></u>	<u><b>\$ 1,137,416</b></u>	<u><b>\$ 97,231</b></u>	<u><b>\$ 4,714,673</b></u>

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, 2020  
With comparative totals for the year ended June 30, 2019  
continued

	<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total Expenses</u>	
	<u>Management and General</u>	<u>Fundraising</u>		<u>2020</u>	<u>2019</u>
Salaries	\$ 214,809	\$ 587,998	\$ 802,807	\$ 3,356,880	\$ 3,337,302
Payroll taxes and employee benefits	47,632	139,053	186,685	772,350	740,834
Total personnel costs	<u>262,441</u>	<u>727,051</u>	<u>989,492</u>	<u>4,129,230</u>	<u>4,078,136</u>
Printing and publications	1,160	67,155	68,315	738,321	494,094
Occupancy, utilities, and insurance	19,288	63,977	83,265	454,777	467,603
Grants and allocations			-	308,996	218,667
Contract labor	33,007	77,454	110,461	198,765	429,524
Equipment rental and maintenance	11,727	36,756	48,483	149,766	123,040
Conference, conventions, and meetings	1,914	57,089	59,003	111,501	238,364
Telephone	5,653	13,195	18,848	95,713	88,854
Depreciation and amortization	3,551	8,449	12,000	72,179	77,638
Travel	2,013	5,650	7,663	46,200	72,267
Interest and bank charges	4,127	21,452	25,579	25,579	32,606
Postage and shipping	1,400	15,408	16,808	24,116	24,107
Office and other supplies	4,948	1,688	6,636	13,363	26,452
Miscellaneous	740	15	755	3,501	6,774
Taxes and licenses	73	575	648	1,865	1,201
Staff recruitment		1,682	1,682	1,682	1,082
Bad debt expense			-	-	20,000
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b><u>\$ 352,042</u></b>	<b><u>\$ 1,097,596</u></b>	<b><u>\$ 1,449,638</u></b>	<b><u>\$ 6,375,554</u></b>	
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b><u>\$ 365,025</u></b>	<b><u>\$ 1,320,711</u></b>	<b><u>\$ 1,685,736</u></b>		<b><u>\$ 6,400,409</u></b>

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



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

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

With comparative totals for the year ended June 30, 2019

	2020	2019
<b>CASH FLOWS TO OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 51,623	\$ 766,962
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Donated real property in contributions	-	(120,000)
Depreciation and amortization	72,179	77,638
Loss on disposal of real property	9,776	-
(Gain) on investments	(175,564)	(180,784)
(Increase) decrease in operating assets:		
Grants receivable	(382,009)	(129,235)
Other receivables	2,089	4,539
Accrued interest	(3,339)	4,831
Bequests receivable	69,722	6,973
Pledges receivable	(715,000)	(1,185,500)
Prepaid expenses	(10,112)	(15,471)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	73,506	(53,354)
Deferred revenue	191,536	(10,302)
	<b>(815,593)</b>	<b>(833,703)</b>
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	1,357,128	2,250,032
Purchase of investments	(431,769)	(1,681,038)
Interest and dividend income reinvested	(75,583)	(95,397)
Purchase of property and equipment	(70,097)	(21,910)
Sale of real property	110,224	-
	<b>889,903</b>	<b>451,687</b>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program	742,115	-
	<b>742,115</b>	<b>-</b>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>816,425</b>	<b>(382,016)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>608,941</b>	<b>990,957</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,425,366</b>	<b>\$ 608,941</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 STATEMENT

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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.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**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.

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

NOTES TO FINANCIAL STATEMENT

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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, 2020. 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 2020 year were nominal: no discounts were recognized on pledges made during the current year ended June 30, 2020.

**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.

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

NOTES TO FINANCIAL STATEMENT

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

**Concentration of Credit Risk**

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

ALZLA maintains its cash balances at Wells Fargo Bank and American Business 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, 2020, ALZLA received \$443,000 of donated services which met the criteria for recognition.

Management estimates that 520 volunteers have donated in excess of 1,903 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.

continued

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

NOTES TO FINANCIAL STATEMENT

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

**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.

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.

**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.

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

NOTES TO FINANCIAL STATEMENT

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

**Recently Adopted Accounting Pronouncement**

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. ALZLA has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

ALZLA recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Consequently, on June 30, 2020, contributions approximating \$204,981, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met. Of the total conditional contributions, \$74,305, will be met by the ending of the fiscal year June 30, 2022. Finally, \$130,676 of contributions will be met by the end of the fiscal year June 30, 2022.

A portion of ALZLA's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ALZLA has incurred expenditures in compliance with a specific contract or grant provisions. Amounts received before incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. ALZLA received cost-reimbursable grants of \$5,000 that have not been recognized on June 30, 2020 because qualifying expenditures have not yet been incurred, with an advance payment of \$5,000 recognized in the statement of financial position as deferred revenue.

**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, 2019, from which the summarized information was derived.

**Subsequent Events**

Management has evaluated subsequent events through October 19, 2020, 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  
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NOTES TO FINANCIAL STATEMENT

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**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, 2020, 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:

Investments, gross	\$ 3,527,500
Pledges receivable, gross	2,067,500
Cash and cash equivalents	1,425,366
Other receivables	<u>9,772</u>
Total financial assets	<u>7,030,138</u>
Less amounts not available to be used in operations:	
Pledges with liquidity horizons greater than one year	(1,505,000)
Net assets with time restrictions – Edlemen Estate (Note 11)	<u>(700,000)</u>
	<u>(2,205,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,825,138</u>

**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, 2020. Total amount of pledges receivable at June 30, 2020, of \$2,067,500 is expected to be collected as follows:

<u>Year ending June 30,</u>	
2021	\$ 562,500
2022	537,500
2023	512,500
2024	450,000
2025	<u>5,000</u>
Pledges receivable, net at June 30, 2020	<u>\$2,067,500</u>
Pledges receivable	
With donor restrictions to programs and services	<u>\$1,062,500</u>
Without donor restrictions	<u>\$1,005,000</u>

continued

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

NOTES TO FINANCIAL STATEMENT

**5. Investments**

Investments at June 30, 2020 consist of the following:

Cash and Money Market	\$ 675,797
Fixed income	
Corporate bonds	1,027,503
U.S. Treasuries	205,128
CMO and asset backed securities	50,974
Equities	1,519,424
Exchange traded funds	<u>48,674</u>
Total investments	<u>\$3,527,500</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, 2020 consist of the following:

Interest and dividend income	\$ 75,583
Realized gain - net	61,619
Change in value of investments	<u>73,015</u>
	210,217
Investment expenses	<u>(31,312)</u>
Total investment income	<u>\$178,905</u>

**6. Fair Value Measurements**

The table below presents the balances of assets measured at fair value at June 30, 2020 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds	\$1,027,503	\$ -	\$ -	<b>\$1,027,503</b>
U.S. Treasuries	205,128			<b>205,128</b>
CMO and asset backed securities	50,974			<b>50,974</b>
Equities	1,519,424			<b>1,519,424</b>
Exchange traded funds	<u>48,674</u>			<u>48,674</u>
	<u>\$2,851,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,851,703</u>

The fair values of fixed income, equities, and exchange traded funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

continued



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

NOTES TO FINANCIAL STATEMENT

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**6. Fair Value Measurements, continued**

The table below presents transactions measured at fair value on a non-recurring basis during the year ended at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledges receivable – new	\$ -	\$1,275,000	\$ -	\$1,275,000
Donated services		443,000		443,000
	<u>\$ -</u>	<u>\$1,718,000</u>	<u>\$ -</u>	<u>\$1,718,000</u>

The fair value of pledges receivable – new and donated services have 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, 2020 consist of the following:

Office equipment	\$ 326,107
Branding, trademarks, and copyrights	232,345
Furniture and fixtures	51,608
Leasehold improvements	<u>30,863</u>
	640,923
Less: accumulated depreciation	<u>(387,282)</u>
	<u>\$ 253,641</u>

Depreciation expense for the year ended June 30, 2020 was \$72,179.

**8. Accrued Liabilities**

Accrued liabilities at June 30, 2020 consist of the following:

Accrued vacation	\$218,703
Accrued payroll	150,569
Accrued rent	111,100
Other accrued liabilities	<u>74,526</u>
	<u>\$554,898</u>

continued

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

NOTES TO FINANCIAL STATEMENT

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**9. Note Payable**

ALZLA received \$742,115 in Paycheck Protection Program (“PPP”) funding on April 17, 2020. The terms of the funding agreement indicate that ALZLA must utilize the proceeds to fund/offset qualifying expenses over a twenty-four-week period. The terms of the agreement specify that ALZLA must repay the principal of the loan back plus interest, which accrues at 1% semi-annually, matures in two years ( $\$742,115 \text{ times } 1\% = \$7,421 \text{ times } 2 \text{ years} = \$14,842 \text{ total interest expense}$ ). The loan (*and accrued interest payable*) may be forgiven if ALZLA fulfills the agreed-to terms.

**10. 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>	
2021	\$ 387,918
2022	369,450
2023	380,535
2024	406,342
2025	<u>64,040</u>
Total obligations	<u>\$1,608,285</u>

Rent and other operating lease expenses for the year ended June 30, 2020 were \$417,720.

**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.

**COVID-19**

Beginning in March 2020, the COVID-19 virus had been declared a global pandemic as it continued to spread rapidly. ALZLA has successfully transitioned their operations so that all of their employees work from home. ALZLA has implemented video technology that enables them to deliver support groups and education to their vulnerable community without risking exposure to the virus. They also continue all of their care counseling services by telephone, and they offer access to all of their training and support groups by phone for those who do not have access to computers.

continued

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

NOTES TO FINANCIAL STATEMENT

**10. Commitments and Contract Contingencies, continued**

Management is carefully monitoring the situation and adapting development activities in order to sustain fund raising in what they expect to be a very challenging economic environment. ALZLA has reduced their staffing and expenses to better align with the expected decline in revenues. ALZLA will continue to monitor the situation closely and are prepared to take prudent steps to preserve their service delivery capability. No adjustments have been made to these financial statements because of the uncertainty driven by the virus.

**11. Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2020 consist of the following:

For purpose restriction:

Family education and services	\$2,637,111
Research	254,894
Professional training	64,412
Administration and public awareness	<u>42,886</u>
	2,999,303

Restricted by time:

Assets required to be held until June 30, 2022	<u>700,000</u>
	<u>\$3,699,303</u>

For the year ended June 30, 2020, net assets released from time and purpose restrictions were \$1,774,830.

**12. Revenue from Government Agencies**

Fees from government grants for the year ended June 30, 2020 consist of the following:

Senior Services	\$787,703
Dementia Caregiver Support Project	27,114
Coordinated Care	18,446
Geriatrics Workforce Enhancement	<u>25,000</u>
	<u>\$858,263</u>

Senior services revenue consists of federal, counties, and city funds that contractually require matching amounts from ALZLA. The breakdown of the \$787,703, including \$302,530 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	\$206,095	\$ 71,994	<b>\$ 278,089</b>
Riverside County	80,882	27,487	<b>108,369</b>
Administration for Community Living	487,026	189,349	<b>676,375</b>
Others	<u>13,700</u>	<u>13,700</u>	<u>27,400</u>
	<u>\$787,703</u>	<u>\$302,530</u>	<u>\$1,090,233</u>

continued

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

NOTES TO FINANCIAL STATEMENT

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**13. 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. A total of \$1,641,386 was received by ALZLA for the year ended June 30, 2020.

**14. 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, 2020, includes joint costs of \$293,633, 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	\$175,879
Fundraising	<u>117,754</u>
Total	<u>\$293,633</u>

**15. 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 \$114,779 for the year ended June 30, 2020.

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 (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2020, 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 19, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alzheimer's Greater Los Angeles dba Alzheimer's Los Angeles' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alzheimer's Greater Los Angeles dba Alzheimer's Los Angeles' internal control. Accordingly, we do not express an opinion on the effectiveness of Alzheimer's Greater Los Angeles dba Alzheimer's Los Angeles' 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 Alzheimer's Greater Los Angeles dba Alzheimer's Los Angeles' 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 financial statements. 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 19, 2020