

**ALZHEIMER'S RESPITE & RESOURCE  
(DBA MEMORY MATTERS)**

Financial Statements

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

**ALZHEIMER'S RESPITE & RESOURCE (DBA MEMORY MATTERS)**

Financial Statements

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# JUNE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTING, AUDIT, TAX AND ADVISORY

## Independent Auditor's Report

The Board of Directors  
Alzheimer's Respite & Resource (dba Memory Matters)  
Hilton Head Island, South Carolina

We have audited the accompanying Statements of Assets, Liabilities, and Net Assets-Cash Basis of Alzheimer's Respite & Resource (dba Memory Matters) (the "Organization") as of December 31, 2010 and 2009, and the related statements of support, revenue and expenses-cash basis and functional expenses-cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Alzheimer's Respite & Resource (dba Memory Matters) as of December 31, 2010 and 2009, and its support, revenue, and expenses for the years then ended, on the basis of accounting described in Note 2.

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**Alzheimer's Respite & Resource (dba Memory Matters)**  
Statement of Assets, Liabilities, and Net Assets- Cash Basis  
December 31, 2010 and 2009

<b>Assets</b>					
	<b>Assets</b>			<b>Totals</b>	
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 167,730	\$ 693	\$ 15,024	\$ 183,447	\$ 153,970
Investments	-	74,872	-	74,872	75,070
Property and equipment, net	1,702,691	-	-	1,702,691	1,627,115
Due to/from funds	<u>(3,033)</u>	<u>3,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 1,867,388</u></b>	<b><u>\$ 78,598</u></b>	<b><u>\$ 15,024</u></b>	<b><u>\$ 1,961,010</u></b>	<b><u>\$ 1,856,155</u></b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Payroll tax liabilities	\$ 381	\$ -	\$ -	\$ 381	\$ -
Note payable	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>360,000</u>	<u>480,000</u>
<b>Total liabilities</b>	<b><u>360,381</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>360,381</u></b>	<b><u>480,000</u></b>
<b>Net assets:</b>					
Unrestricted	1,507,007	-	-	1,507,007	1,272,650
Temporarily restricted	-	78,598	-	78,598	98,505
Permanently restricted	<u>-</u>	<u>-</u>	<u>15,024</u>	<u>15,024</u>	<u>5,000</u>
<b>Total net assets</b>	<b><u>1,507,007</u></b>	<b><u>78,598</u></b>	<b><u>15,024</u></b>	<b><u>1,600,629</u></b>	<b><u>1,376,155</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 1,867,388</u></b>	<b><u>\$ 78,598</u></b>	<b><u>\$ 15,024</u></b>	<b><u>\$ 1,961,010</u></b>	<b><u>\$ 1,856,155</u></b>

**Alzheimer's Respite & Resource (dba Memory Matters)**  
**Statement of Support, Revenue, and Expenses- Cash Basis**  
**Years ended December 31, 2010 and 2009**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
<b>Revenues, gains and other support:</b>					
Respite fees	\$ 145,028	\$ -	\$ -	\$ 145,028	\$ 74,290
Contributions	439,532	-	10,000	449,532	863,109
In-kind donations	4,202	-	-	4,202	95,949
Special events	79,182	-	-	79,182	55,328
Other	319	-	-	319	931
Interest income	2,457	-	24	2,481	4,444
Net assets released from restrictions	19,907	(19,907)	-	-	-
Total revenues, gains and other support	<u>690,627</u>	<u>(19,907)</u>	<u>10,024</u>	<u>680,744</u>	<u>1,094,051</u>
<b>Expenses:</b>					
Program services	385,553	-	-	385,553	307,260
Management and general	63,471	-	-	63,471	43,644
Fundraising	7,246	-	-	7,246	94,984
Total expenses	<u>456,270</u>	<u>-</u>	<u>-</u>	<u>456,270</u>	<u>445,888</u>
Total change in net assets	234,357	(19,907)	10,024	224,474	648,163
Interfund transfers	-	-	-	-	-
Net assets at beginning of year	1,272,650	98,505	5,000	1,376,155	727,992
Net assets at end of year	<u>\$ 1,507,007</u>	<u>\$ 78,598</u>	<u>\$ 15,024</u>	<u>\$ 1,600,629</u>	<u>\$ 1,376,155</u>

**Alzheimer's Respite & Resource (dba Memory Matters)**

Statement of Functional Expenses- Cash Basis

Years Ended December 31, 2010 and 2009

	Program Services	Management and general	Fundraising	Totals	
				2010	2009
Salaries and wages	\$ 181,446	\$ 27,587	\$ 6,726	\$ 215,758	\$ 185,621
Payroll taxes	13,633	2,085	520	16,238	13,786
Total salaries expense	<u>195,079</u>	<u>29,672</u>	<u>7,246</u>	<u>231,996</u>	<u>199,407</u>
Depreciation	53,217	5,913	-	59,130	9,196
Insurance	35,716	3,968	-	39,684	25,900
Interest expense	25,920	2,880	-	28,800	36,000
Food service	17,409	-	-	17,409	6,490
Computer services	-	2,194	-	2,194	2,704
Cleaning and maintenance	12,161	1,351	-	13,512	11,394
Other	10,402	1,156	-	11,558	12,664
Utilities	9,206	1,023	-	10,229	4,283
Postage and printing	9,133	-	-	9,133	19,234
Supplies	3,244	5,242	-	8,486	7,011
Telephone	7,110	790	-	7,900	5,681
Building repairs	6,956	773	-	7,729	-
Professional services	-	7,524	-	7,524	1,307
Investment fees	-	986	-	986	292
Campaign expenses	-	-	-	-	87,806
Rent	-	-	-	-	16,520
Total expenses	<u>\$ 385,553</u>	<u>\$ 63,471</u>	<u>\$ 7,246</u>	<u>\$ 456,270</u>	<u>\$ 445,888</u>

# ALZHEIMER'S RESPITE & RESOURCE (DBA MEMORY MATTERS)

Notes to Financial Statements

December 31, 2010 and 2009

## (1) Nature of Organization

Alzheimer's Respite & Resource (dba Memory Matters) (the "Organization") is a South Carolina not-for-profit corporation chartered in May 1996. The purpose of the Organization is to provide dementia specific adult daycare programs, counseling support groups, crisis management, and resources and referrals to family caregivers. They provide early memory loss intervention programs along with training and presentation to families in Beaufort County, South Carolina.

## (2) Summary of Significant Accounting Policies

### (a) Basis of Accounting

The financial statements of the Organization have been prepared on the cash basis of accounting.

### (b) Financial Statement Presentation

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

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

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

*Permanently restricted net assets* – Net assets that are subject to donor-imposed stipulations that the Organization maintains them permanently. Generally, the donors of these assets permit the Organization to use all or part of the income and realized and unrealized gains earned to the related investments for general or specific purposes.

Revenues from sources other than contributions are reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate net asset category. Contributions of assets other than cash and cash equivalents are recorded at their estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions recognized on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

**ALZHEIMER'S RESPITE & RESOURCE (DBA MEMORY MATTERS)**

Notes to Financial Statements

December 31, 2010 and 2009

The Organization receives a substantial amount of services donated by individuals in carrying out its mission. No amounts for these services have been reflected in these financial statements as these services do not meet the criteria for recognition under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25-16, "Not-for-Profit Revenue Recognition".

***(c) Cash and Cash Equivalents***

Investments with maturities at date of purchase of three months or less are classified as cash equivalents. Cash equivalents include certificates of deposit and other short-term, highly liquid debt instruments and are carried at cost, which approximates fair value.

The Organization's cash balances are held as deposits with financial institutions. Such balances are secured by the Federal Deposit Insurance Corporation up to \$250,000. This limit is temporary through December 31, 2013. On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor for substantially all deposit accounts. The Organization monitors its positions with, and the credit quality of, the financial institutions which are a counter party to its financial instruments and does not anticipate nonperformance by these financial institutions. There were no uninsured balances at December 31, 2010 or 2009.

***(d) Investments***

The funds are held by Community Foundation of the LowCountry (Community Foundation) as custodian. These funds are invested by the Community Foundation in accordance with its Investment Policy Statement. Distributions from the Fund are made in accordance with the Building Fund agreement between the Organization and the Community Foundation.

***(e) Property and Equipment, Net***

Property and equipment are stated at cost at the date of acquisition or, in the case of gifts, at fair market value at the date of donation.

Depreciation is provided over the estimated useful lives of the assets on a straight line basis. A summary of the depreciable lives follows:

Building and improvements	25 years
Furniture and equipment	6-10 years
Land improvements	20 years

***(f) Income Tax Status***

The Organization is recognized as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The Organization is not considered a "private foundation" under the meaning of Section 509(a) of the Code. There was no unrelated business income for the years ending December 31, 2010 or 2009.

## ALZHEIMER'S RESPITE & RESOURCE (DBA MEMORY MATTERS)

### Notes to Financial Statements

December 31, 2010 and 2009

#### *(g) Functional Allocation of Expenses*

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

#### *(h) 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### *(i) Subsequent Events*

Subsequent events were evaluated through xxx, the date the financial statements were issued.

#### *(j) Recently Issued Accounting Standards*

The FASB issued FASB ASC 958-205-45 (formerly FASB Staff Position No. 117-1), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" on August 6, 2008 effective for fiscal years ending after December 15, 2008. Earlier application is permitted provided that annual financial statements for that fiscal year have not been previously issued. The Organization does not anticipate the adoption of FASB ASC 958-205-45 will have a material impact on its results of operations and financial position.

### **(3) Property and Equipment, Net**

Property and equipment is comprised of the following as of December 31, 2010:

Building and improvements	\$ 1,018,139
Land and improvements	591,889
Furniture and equipment	160,989
Total property and equipment	<u>1,771,017</u>
Accumulated depreciation	(68,326)
Net property and equipment	<u>\$ 1,702,691</u>

# ALZHEIMER'S RESPITE & RESOURCE (DBA MEMORY MATTERS)

## Notes to Financial Statements

December 31, 2010 and 2009

### (4) Note Payable

In 2008, a 6.0% term loan of \$600,000 was obtained to finance a major portion of the purchase of a piece of land and building known as Parcel 1, North Side Park. Annual principal payments of \$120,000 and quarterly interest payments are due on the loan with the final payment due December 31, 2013. The note is secured by the land and building. The balance as of December 31, 2010 and 2009 was \$360,000 and \$480,000, respectively.

During 2011, the Organization paid off the \$360,000 remaining balance of its note payable through a grant request from the Building Fund at the Community Foundation of the Lowcountry.

### (5) Net Assets Released from Restriction

Net assets were released from donor imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the years ended December 31, 2010 and 2009, the Organization acquired its building and made certain improvements to satisfy these restrictions.

### (6) Net Assets

Temporarily restricted net assets were available for the following purposes:

Library fund	\$ 3,033
Building project capital campaign	<u>75,565</u>
Temporarily restricted net assets	<u>\$ 78,598</u>

Permanently restricted net assets consist of endowment investments whose income is available for operations, programs and capital purposes.

### (7) Community Foundation of the LowCountry Building Fund

The Organization has entered into an agreement with the Community Foundation to create a building fund as a component fund of the Community Foundation. In the agreement the Community Foundation has agreed to collect gifts and pledges on behalf of the Organization and disburse those funds to the Organization for the planning, development, purchase, construction and maintenance of a building.