



Brevard Alzheimer's Foundation, Inc.

FINANCIAL STATEMENTS


Year Ended June 30, 2019



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Brevard Alzheimer's Foundation, Inc.
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June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Brevard Alzheimer's Foundation, Inc.

We have audited the accompanying financial statements of Brevard Alzheimer's Foundation, Inc. (a non-profit 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. 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 Brevard Alzheimer's Foundation, Inc. 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.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida
October 16, 2019

Brevard Alzheimer's Foundation, Inc.
Statement of Financial Position

As of June 30, **2019**

ASSETS

Current assets	
Cash and cash equivalents, unrestricted	\$ 100,767
Cash and cash equivalents, restricted	34,604
Accounts receivable, net of allowance of \$0	222,366
Prepaid expenses	54,755
Unconditional promises to give	72,500
Short-term investments	28,920
Total current assets	513,912
Noncurrent assets	
Property, plant and equipment at cost, less accumulated depreciation of \$1,503,902	1,577,045
Long-term investments	1,650,611
Total noncurrent assets	3,227,656
Total assets	\$ 3,741,568

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 43,759
Accrued expenses	82,458
Margin loan	563,272
Total current liabilities	689,489
Total liabilities	689,489

Net assets

Without donor restrictions	774,864
With donor restrictions	2,277,215
Total net assets	3,052,079

Total liabilities and net assets	\$ 3,741,568
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The accompanying notes are an integral part of these financial statements.

Brevard Alzheimer's Foundation, Inc.
Statement of Activities

For the year ended June 30,

2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contracts	\$ 882,151	\$ 72,500	\$ 954,651
Contributions	79,411	-	79,411
Grants	152,260	-	152,260
Program income	465,557	-	465,557
Special events	352,135	-	352,135
Miscellaneous income	8,447	-	8,447
Investment returns, net	7,848	77,173	85,021
In-kind donations	39,578	-	39,578
	1,987,387	149,673	2,137,060
Net assets released from restrictions			
Appropriation from donor endowment	59,049	(59,049)	-
Satisfaction of purpose restriction	21,865	(21,865)	-
Expiration of time restrictions	70,000	(70,000)	-
Total net assets released from restrictions	150,914	(150,914)	-
Total revenues	2,138,301	(1,241)	2,137,060
Expenses			
Program services			
Adult daycare	1,485,348	-	1,485,348
Relief	96,892	-	96,892
Case management	14,280	-	14,280
Daycare transport	362,053	-	362,053
SafeRide	15,445	-	15,445
Supporting services			
Management and general	94,649	-	94,649
Fundraising	154,275	-	154,275
Total expenses	2,222,942	-	2,222,942
Change in net assets	(84,641)	(1,241)	(85,882)
Net assets, beginning of year	859,505	2,278,456	3,137,961
Net assets, end of year	\$ 774,864	\$ 2,277,215	\$ 3,052,079

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

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Brevard Alzheimer's Foundation, Inc.
Statement of Functional Expenses

<i>For the year ended June 30, 2019</i>	PROGRAM SERVICES		
	Adult Daycare	Relief	Case Management
Expenses			
Advertising and outreach	\$ 2,891	\$ 32	\$ 32
Bad debts	13,786	-	-
Employment related expenses	8,417	570	44
Equipment rental and maintenance	16,213	182	182
Food service	70,114	113	-
Fuel	-	-	-
Special events	-	-	-
In-kind	35,224	396	396
Insurance	63,367	800	800
IT expense	22,045	248	248
Lease	2,417	267	27
Miscellaneous expenses	8,908	100	100
Occupancy	77,948	876	876
Payroll taxes	67,643	415	683
Postage and shipping	1,895	-	-
Printing and publications	-	-	-
Professional fees	31,419	817	337
Salaries	904,594	11,528	9,162
Stipend	-	51,569	-
Supplies	30,637	605	107
Telephone and communication	12,064	136	136
Travel	13,431	27,088	-
Subtotal expenses before depreciation	1,383,013	95,742	13,130
Depreciation	102,335	1,150	1,150
Total expenses reported by function	\$ 1,485,348	\$ 96,892	\$ 14,280

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

Brevard Alzheimer's Foundation, Inc.
Statement of Functional Expenses

PROGRAM SERVICES		SUPPORTING SERVICES			
Daycare Transport	SafeRide	Management and General	Fundraising	Total	
\$ 32	\$ 32	\$ 195	\$ 3,934	\$	7,148
-	-	-	-		13,786
916	44	249	253		10,493
3,651	291	1,128	218		21,865
-	-	-	-		70,227
35,068	1,107	369	369		36,913
-	-	-	98,594		98,594
396	396	2,375	395		39,578
15,570	936	2,231	846		84,550
248	248	1,486	246		24,769
54,828	1,758	740	603		60,640
100	100	601	102		10,011
876	876	5,255	875		87,582
16,608	514	7,197	223		93,283
-	-	190	9,367		11,452
-	-	-	13,675		13,675
337	337	2,020	335		35,602
230,584	7,367	61,931	2,113		1,227,279
-	-	-	-		51,569
1,553	153	656	1,319		35,030
136	136	813	134		13,555
-	-	314	19,524		60,357
360,903	14,295	87,750	153,125		2,107,958
1,150	1,150	6,899	1,150		114,984
\$ 362,053	\$ 15,445	\$ 94,649	\$ 154,275	\$	2,222,942

Brevard Alzheimer's Foundation, Inc.
Statement of Cash Flows

For the year ended December 31, **2019**

Cash flows from operating activities:	
Cash received from granting agencies	\$ 152,260
Contributions, donations and fundraising received	431,546
Cash received for services provided, and other sources	1,610,417
Cash paid to vendors	(859,125)
Cash paid to employees	(1,232,152)
Net cash provided by operating activities	102,946
 Cash flows from investing activities:	
Purchase of investments	(246,374)
Sale of investments	296,713
Net cash provided by investing activities	50,339
 Cash flows from financing activities:	
Proceeds from margin loan	49,877
Payments on margin loan	(136,507)
Net cash used in financing activities	(86,630)
Net increase in cash and cash equivalents	66,655
Net cash and cash equivalents at the beginning of the year	68,716
Net cash and cash equivalents at the end of the year	\$ 135,371

Cash and cash equivalents are reflected on the Statement of Financial Position as follows:

Cash and cash equivalents, unrestricted	\$ 100,767
Cash and cash equivalents, restricted	34,604
Total	\$ 135,371

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

Brevard Alzheimer's Foundation, Inc.
Statement of Cash Flows

<i>For the year ended December 31,</i>	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in net assets	\$ (85,882)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	114,984
Unrealized loss on investments	76,711
Increase in accounts receivable	(17,048)
Decrease in prepaid expenses	15,381
Increase in unconditional promises to give	(2,500)
Increase in accounts payable	6,173
Decrease in accrued expenses	(4,873)
Net cash provided by operating activities	\$ 102,946

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Brevard Alzheimer's Foundation, Inc. (the "Organization") is dedicated to providing adult day health care, in-home respite and support services to people in Brevard County who suffer from Alzheimer's/Dementia related diseases and to their caregivers. Additionally, the Organization strives to assist the elderly in remaining in their homes as long as possible by providing various support services including non-emergency medical and life-sustaining transportation. The Organization is supported primarily through governmental grants, private pay client fees and the proceeds of fundraising events.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. These also include net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Subsequent Events

Subsequent events have been reviewed through October 16, 2019, the date which in the financial statements were available to be issued.

Tax Status

The Organization is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and is classified as other than a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less and certificates of deposit to be cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash includes endowment cash receipts, which have not been moved to the investment accounts; and earnings on the endowment, which are available to be spent but have not yet been spent.

Accounts Receivable

Accounts receivable represent amounts due from customers as of June 30, 2019. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be non-collectable or establishes an allowance for doubtful accounts. The Organization believes accounts receivable are fully collectible, and thus an allowance against those receivables has not been recorded.

Prepaid Expenses

Payments made to vendors before product or services are received are accounted for as prepaid expenses.

Unconditional Promises to Give

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization believes all unconditional promises receivable are collectible; therefore, no allowance for uncollectible unconditional promises is required. The need for an allowance is based on prior years' experience and management's analysis of specific promises made.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property, Plant and Equipment

The Organization capitalizes all expenditures for equipment with a value in excess of \$500 and a useful life greater than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the assets' expected useful lives.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the supporting services benefited. Expenses that are allocated by time and effort include advertising and outreach, salaries, employment related expenses, stipend, professional fees, travel, printing and publications, and supplies. Expenses that are allocated by square footage are occupancy, depreciation, equipment repairs and maintenance, in-kind expenses, IT expenses, telephone and communication, and insurance.

Donated Goods and Services

Donated goods are reflected in the accompanying financial statements at the estimate based upon the valuation by an independent specialist. For the year ended June 30, 2019, donated goods contribution and expense was \$39,578.

Volunteers provide substantial services to the Organization, and perform a variety of tasks that assist the Organization with specific assistance programs, administration and fundraising events. Donated services with an estimated value of \$106,992 for the year ended June 30, 2019, were not recognized in the financial statements because the criteria for recognition under generally accepted accounting principles were not met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue and Support

Contributions received are recorded without donor restrictions or with donor restrictions depending on the existence of any donor restrictions. Support that is restricted by the donor or grantor is reported as an increase in with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization receives funds from various federal, state and local agency grants and contracts for program and supporting service expenses. These grants and contracts are on a cost reimbursement basis or unit-of-service fee basis, including recoverable overhead. Program income, for adult daycare and transportation, are recognized as services are provided.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled \$7,148 for the year ended June 30, 2019.

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

NOTE 2: CONCENTRATIONS

The Organization maintains its cash in checking accounts and investments in a brokerage account which, at times, may exceed insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash or investments.

At June 30, 2019, two customers accounted for 61% of accounts receivable as follows:

<u>Customer</u>	<u>Percentage</u>	<u>Amount</u>
Customer #1	42%	\$ 92,494
Customer #2	19%	43,190

NOTE 2: CONCENTRATIONS (Continued)

At June 30, 2019, one customer accounted for 28% of revenues as follows:

Customer	Percentage	Amount
Customer #1	28%	\$ 597,687

At June 30, 2019, two vendors accounted for 48% of accounts payable as follows:

Vendor	Percentage	Amount
Vendor #1	12%	\$ 5,352
Vendor #2	36%	15,750

NOTE 3: PROMISES TO GIVE

The Organization has unconditional promises to give of \$72,500 at June 30, 2019. These promises are receivable in less than one year and consist of grants and allocations for daycare, respite programs, transportation and designations from United Way.

NOTE 4: FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed Income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 1,011,140	\$ 1,011,140	\$ -	\$ -
Fixed Income	668,391	668,391	-	-
Total assets at fair value	\$ 1,679,531	\$ 1,679,531	\$ -	\$ -

Brevard Alzheimer’s Foundation, Inc.
Notes to Financial Statements

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

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

	Cost	Accumulated Depreciation	Net Book Value
Land*	\$ 519,500	\$ -	\$ 519,500
Land improvements	17,725	(14,574)	3,151
Leasehold improvements	4,359	(4,359)	-
Buildings	1,974,989	(1,095,803)	879,186
Building improvements	225,803	(165,896)	59,907
Furniture and fixtures	29,261	(27,608)	1,653
Computer and office equipment	70,331	(70,315)	16
Signs	37,513	(16,471)	21,042
Vehicles	201,466	(108,876)	92,590
Total	\$ 3,080,947	\$ (1,503,902)	\$ 1,577,045

* See Note 9 for restrictions.

Depreciation expense for the year ended June 30, 2019 was \$114,984.

NOTE 6: ACCRUED EXPENSES

Accrued expenses at June 30, 2019 are comprised of the following:

Accrued payroll	\$	49,509
Accrued vacation		31,698
Credit cards payable		649
Child support		139
Insurance		463
Total	\$	82,458

NOTE 7: MARGIN LOAN

The Organization maintains a short-term borrowing agreement with a financial institution. The borrowing capacity under this agreement varies with the fair market value of investments. At June 30, 2019, the maximum allowed under the line was \$700,000, of which \$563,272 was outstanding. Interest is payable monthly based on the financial institution’s broker call rate less 0.50%, plus a margin interest rate of 2.25%. The account is secured by the Organization's investments.

NOTE 8: OPERATING LEASES

The Organization leases several vans for use in its daycare and transportation programs. The leases are month-to-month and may be cancelled at any time with 30 days written notice. During the fiscal year ended June 30, 2019, lease expense under these leases was \$57,685.

The Organization also leases a copier with monthly payments of \$170 through July 2021.

Minimum rental payments under the leases as of June 30, 2019, for the next five years and in the aggregate are as follows:

Year ending June 30,	Amount
2020	\$ 2,040
2021	170
	\$ 2,210

NOTE 9: CONTINGENCIES

In 1998, 2002, and 2004, the Organization received grants of land from Brevard County valued at \$250,000, \$134,500 and \$135,000, respectively. As stipulated by the County, the land was used as the sites of Alzheimer’s Day Health Care Centers located in Melbourne, Micco, and Titusville, Florida. The County maintains a reversionary interest in the land and all improvements. In the event that the properties cease to be used as care centers, title reverts to the Board of Commissioners of Brevard County.

NOTE 10: ENDOWMENT

The Organization has interpreted FUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under law. Additionally, in accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The Organization's policy is to comply with the endowment's originally established policy of a 5% annual withdrawal based on total value as specified by the donor. All earnings available to be spent are without donor restrictions.

Brevard Alzheimer's Foundation, Inc.
Notes to Financial Statements

NOTE 10: ENDOWMENT (Continued)

The Board placed funds from a capital campaign into the endowment. These funds are restricted by the donor to be used on capital items. The spending policy for the portion of the endowment from the capital campaign, is 100% are available to be spent. The balance is included in with donor restrictions due to the purpose restriction.

Endowment net asset composition by type of fund was as follows at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Weinberg Endowment	Capital Campaign	
Board designated endowment funds	\$ -	\$ -	\$ 586,930	\$ 586,930
Donor-restricted endowment funds:				
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,000,000	-	1,000,000
Accumulated investment gains	-	98,285	-	98,285
Available to be spent	59,049	-	-	59,049
Total	\$ 59,049	\$ 1,098,285	\$ 586,930	\$ 1,744,264

Changes in endowment net assets were as follows for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Weinberg Endowment	Capital Campaign	
Endowment net assets, beginning of year	\$ 89,007	\$ 1,115,624	\$ 573,332	\$ 1,777,963
Investment returns, net	-	41,710	35,463	77,173
Contributions	-	-	-	-
Withdrawals	(89,007)	-	(21,865)	(110,872)
Appropriation of endowment assets for expenditure	59,049	(59,049)	-	-
Endowment net assets, end of year	\$ 59,049	\$ 1,098,285	\$ 586,930	\$ 1,744,264

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Organization works closely with and relies on investment advisors to ensure that assets are invested in a manner intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, overtime, to produce an average rate of return of approximately 5% annually. To satisfy its long-term rate-of-return objectives, the Organizations relies on its investment advisors to develop a strategy which will meet the Organization's needs.

Brevard Alzheimer's Foundation, Inc.
Notes to Financial Statements

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

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

<u>Subject to expenditure for specified purpose</u>	
Weinberg endowment and accumulated gains not available to be spent	\$ 1,098,285
Capital campaign	586,930
Adult daycare program	72,500
Land restricted as to purpose, donor retains a reversionary interest	519,500
<u>Total</u>	<u>\$ 2,277,215</u>

The following net assets were released from restrictions during the year ended June 30, 2019:

<u>Purpose</u>	
Money available to be spent from endowment	\$ 59,049
Money withdrawn from capital campaign	21,865
Adult daycare program	70,000
<u>Total net assets released from restrictions</u>	<u>\$ 150,914</u>

NOTE 12: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has structured its financial assets to be available for its general expenditures and other obligations that come due. In the event of an unanticipated liquidity need, the Organization also could draw upon the endowment annually no greater than 5% of the average fund principal during the preceding calendar year.

June 30, 2019

Cash and cash equivalents	\$ 135,371
Accounts receivable	222,366
Unconditional promises to give	72,500
Investments	1,679,531
<u>Total financial assets available within one year</u>	<u>2,109,768</u>
Less: amounts available for general expenditures within one year, due to	
Restricted by donors with time and purpose restrictions,	
excluding restrictions on land	(1,757,715)
<u>Financial assets available to meet cash needs for</u>	
<u> general expenditures within one year</u>	<u>\$ 352,053</u>

Brevard Alzheimer’s Foundation, Inc.
Notes to Financial Statements

NOTE 12: LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

Cash and cash equivalents	\$	100,767
Accounts receivable		222,366
Short-term investments		28,920
Total	\$	352,053

NOTE 13: ACCOUNTING FOR UNCERTAIN INCOME TAX POSITIONS

Brevard Alzheimer’s Foundation, Inc. is exempt from federal and state income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Therefore, only income from business unrelated to the Organization's charitable purpose is subject to federal or state income tax.

The Organization follows the accounting guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

As of June 30, 2019, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Organization had no interest and penalties related to income taxes. With few exceptions, the Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2015.

NOTE 14: MEASURE OF OPERATIONS

The Organization’s operating revenues in excess of expenses includes all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenditures. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions designated for long-term investment (endowment) according to the Organization’s spending policy, which is detailed in Note 12.

NOTE 15: FUTURE ACCOUNTING PRONOUNCEMENTS

Accounting Standards Update 2014-09 - In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTE 15: FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Organization is currently evaluating the impact of the guidance on its financial statements.

Accounting Standards Update 2016-02 - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

NOTE 16: RECLASSIFICATION

As of June 30, 2018, \$89,007 was available to be spent from the endowment and was reclassified from with donor restrictions to without donor restrictions in net assets, beginning of year on the statement of activities.