

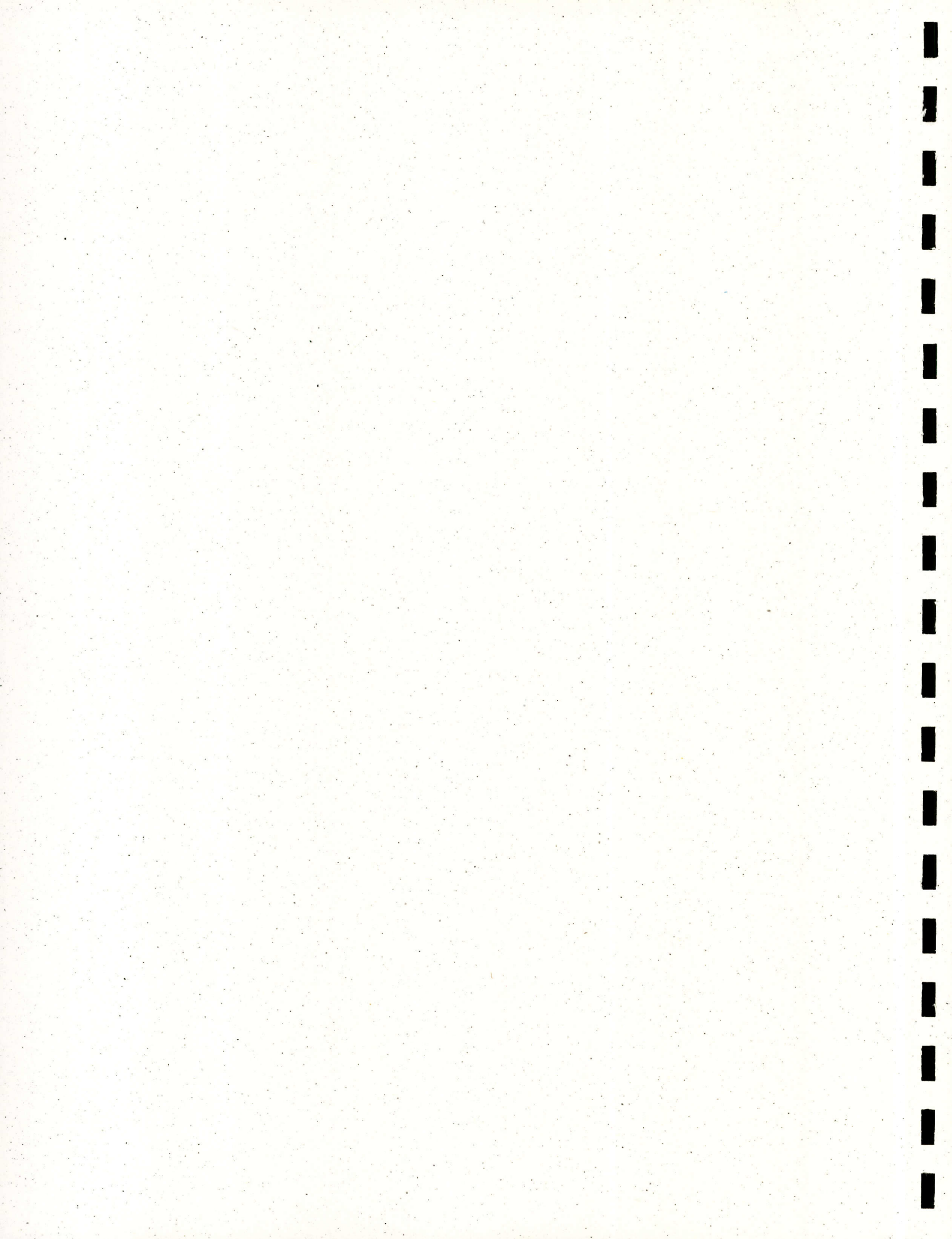
TEXAS COUNCIL ON ALZHEIMER'S DISEASE AND RELATED DISORDERS

ANNUAL FINANCIAL REPORT

UNAUDITED

FISCAL YEAR ENDED AUGUST 31, 2012





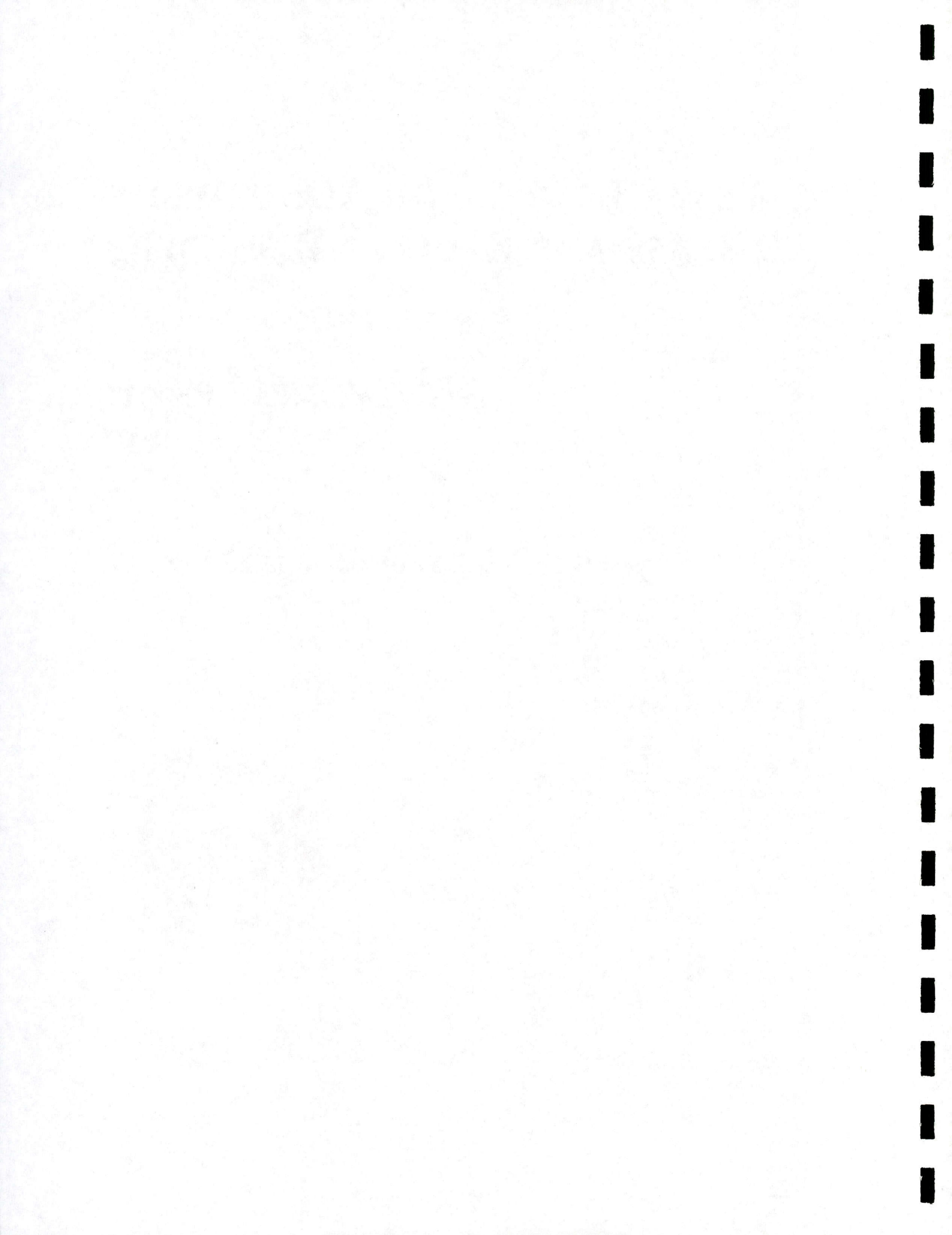
TEXAS COUNCIL ON ALZHEIMER'S DISEASE AND RELATED DISORDERS

ANNUAL FINANCIAL REPORT

UNAUDITED

FISCAL YEAR ENDED AUGUST 31, 2012







November 20, 2012

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Council on Alzheimer's Disease and Related Disorders (the Council) for the year ended August 31, 2012, in compliance with *Texas Government Code Annotated*, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

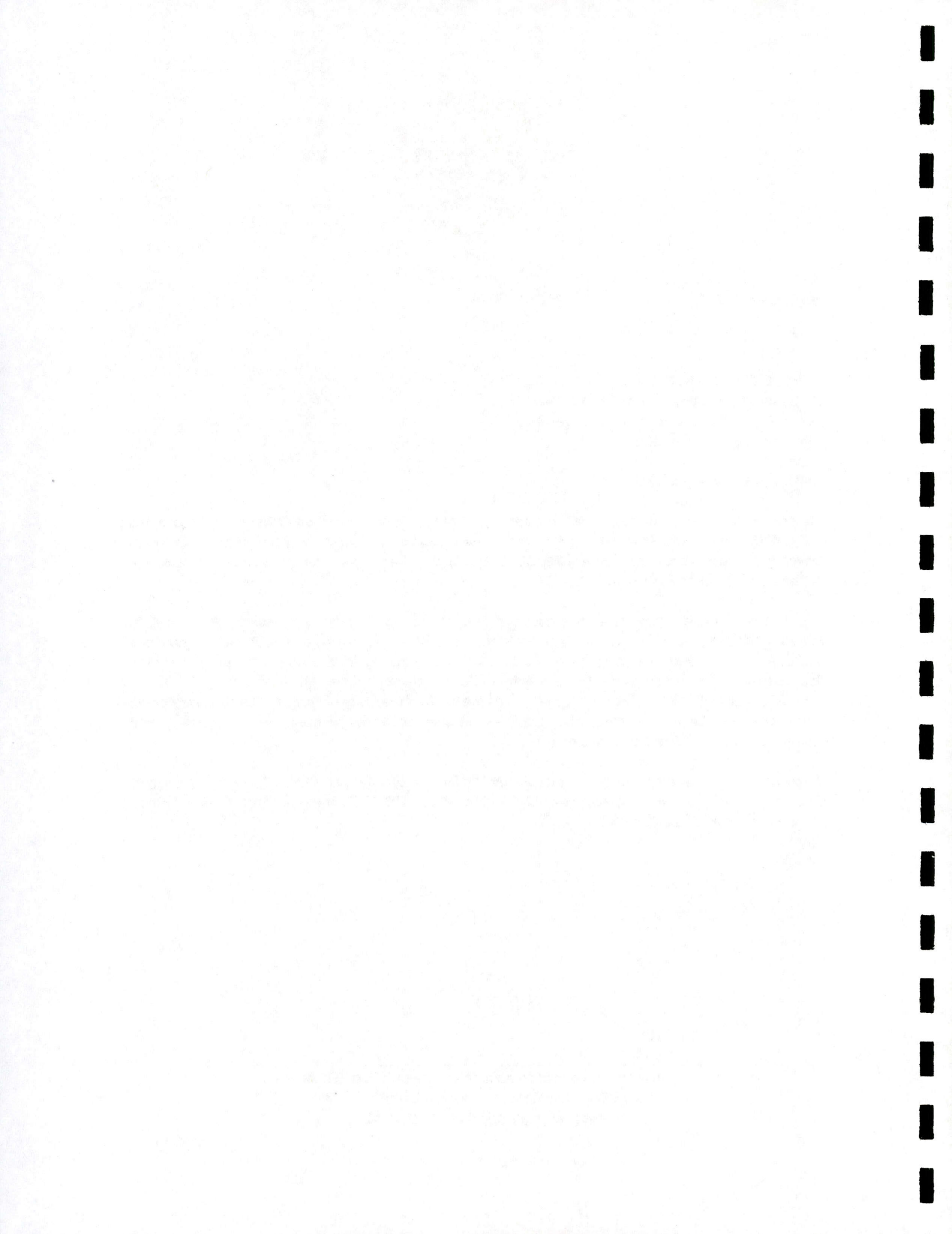
Due to the statewide requirements embedded in Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Randy Wallace, Associate Vice Chancellor – Controller and Chief Budget Officer at The University of Texas System at 512.499.4527. The University of Texas System is the fiscal agent for the Council.

Sincerely,

Debbie Hanna
Chair

Debbie Hanna, Texas Council on Alzheimer's Disease and Related Disorders
3429 Executive Center Dr. #100, Austin, TX 78731
dhanna@txalz.org, 512.241.0420 x14



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Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds
 August 31, 2012

	Governmental Fund Types						Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Governmental Funds Total				
ASSETS AND DEFERRED OUTFLOWS										
Current Assets:										
Cash (Note 3)										
On Hand	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
In Bank										
In Transit/Reimburse from Treasury										
Cash in State Treasury										
Short Term Investments (Note 3)										
Securities Lending Collateral										
Legislative Appropriations										
Receivables from:										
Accounts Receivable										
Taxes:										
Federal										
Investment Trades										
Other Intergovernmental										
Interest and Dividends										
Gifts, Pledges and Donations										
Other	2,691,804.94					2,691,804.94				2,691,804.94
Due From Other Funds (Note 12)										
Due From Other Agencies (Note 12)										
Interfund Receivables (Note 12)										
Consumable Inventories										
Merchandise Inventories										
Prepaid Items										
Loans and Contracts										
Restricted:										
Cash (Note 3)										
On Hand										
In Bank										
In Transit/Reimburse from Treasury										
In State Treasury										
Short Term Investments (Note 3)										
Other Current Assets										
Non-Current Assets and Deferred Outflows:										
Gifts, Pledges and Donations										
Interfund Receivables (Note 12)										
Investments (Note 3)										
Loans and Contracts										
Restricted:										
Cash (Note 3)										
On Hand										
In Bank										
In Transit/Reimburse from Treasury										
In State Treasury										
Short Term Investments (Note 3)										
Receivables										
Investments (Note 3)										
Loans and Contracts										
Other Assets										
Derivative Hedging Instrument Assets										
Deferred Outflow of Resources										
Capital Assets (Note 2):										
Non-Depreciable or Non-Amortizable										
Depreciable or Amortizable, Net										
Other Non-Current Assets										

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Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds
 August 31, 2012

	Governmental Fund Types					Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds					
Total Assets and Deferred Outflows	\$ 2,691,804.94	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,691,804.94	\$ 0	\$ 0	\$ 0	\$ 2,691,804.94
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities and Deferred Inflows										
Current Liabilities:										
Payables from:										
Accounts	\$ 7,500.00	\$	\$	\$	\$	\$ 7,500.00	\$	\$	\$	\$ 7,500.00
Investment Trade										
Other Intergovernmental										
Payroll										
Federal										
Interest										
Contracts										
Other	26,663.30					26,663.30				26,663.30
Contract Retainage Payable										
Due To Other Funds (Note 12)										
Due To Other Agencies (Note 12)										
Interfund Payable (Note 12)										
Deferred Revenues										
Obligations/Reverse Repurchase Agreement										
Obligations Under Securities Lending										
Short Term Debt										
Employees' Compensable Leave (Note 5)										
Claims and Judgments (Note 5)										
Capital Lease Obligations (Note 5, 7)										
Notes and Loans Payable (Note 5)										
Revenue Bonds Payable (Note 5, 6)										
General Obligation Bonds Payable (Note 5, 6)										
Liabilities Payable from Restricted Assets										
Funds Held For Others										
Other Current Liabilities										
Non-Current Liabilities and Deferred Inflows										
Interfund Payables										
Employees' Compensable Leave (Note 5)										
Claims and Judgments (Note 5)										
Capital Lease Obligations (Note 5, 7)										
Notes and Loans Payable (Note 5)										
Revenue Bonds Payable (Note 5, 6)										
General Obligation Bonds Payable (Note 5, 6)										
Derivative Hedging Instrument Liabilities										
Deferred Inflow of Resources										
Liabilities Payable from Restricted Assets										
Assets Held for Others										
Other Non-Current Liabilities										
Total Liabilities and Deferred Inflows	34,163.30	0	0	0	0	34,163.30	0	0	0	34,163.30

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Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds
 August 31, 2012

	Governmental Fund Types					Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds					
Fund Financial Statement										
Fund Balances (Deficits):										
Reserved for:										
Encumbrances										
Inventories										
Imprest										
Loans and Contracts										
Noncurrent Interfund Receivable										
Debt Service										
Other										
Unreserved/Designated for:										
Permanent Health Fund										
Other										
Undesignated	2,657,641.64					2,657,641.64				2,657,641.64
Total Fund Balances	<u>2,657,641.64</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,657,641.64</u>				<u>2,657,641.64</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,691,804.94</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,691,804.94</u>				
Government-Wide Statement of Net Assets										
Net Assets										
Invested in Capital Assets, Net of Related Debt										
Restricted For:										
Debt Retirement										
Capital Projects										
Other										
Funds Held as Permanent Investments:										
Expendable										
Non-Expendable										
Other										
Unrestricted										
Total Net Assets							<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,657,641.64</u>

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

UNAUDITED

Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund Balances/
 Statement of Activities — Governmental Funds
 For the Fiscal Year Ended August 31, 2011

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES										
Legislative Appropriations										
Original Appropriations (GR)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Additional Appropriations (GR)										
Taxes (GR)										
Federal Revenue (PR - Operating or Capital)										
Federal Grant Pass-Through Revenue (GR)										
State Grant Pass-Through Revenue (GR)	5,230,625.00					5,230,625.00				5,230,625.00
License, Fees & Permits (PR)										
Interest and Other Investment Income (PR)										
Interest and Other Investment Income (GR)										
Net Increase (Decrease) in Fair Value (PR)										
Net Increase (Decrease) in Fair Value (GR)										
Land Income (PR)										
Settlement of Claims (PR)										
Settlement of Claims (GR)										
Sales of Goods and Services (PR)										
Other (PR - Chg for Serv, Operating or Capital)										
Other (GR)	2,329.00					2,329.00				2,329.00
Total Revenues	5,232,954.00	0	0	0	0	5,232,954.00	0	0	0	5,232,954.00
EXPENDITURES										
Salaries and Wages										
Payroll Related Costs										
Professional Fees and Services	2,572,375.34					2,572,375.34				2,572,375.34
Travel	1,209.75					1,209.75				1,209.75
Materials and Supplies										
Communication and Utilities	632.67					632.67				632.67
Repairs and Maintenance										
Rentals and Leases										
Printing and Reproduction	18.06					18.06				18.06
Claims and Judgments										
Federal Grant Pass-Through Expenditures										
State Grant Pass-Through Expenditures										
Intergovernmental Payments										
Public Assistance Payments										
Employee Benefit Payments										
Other Expenditures	1,076.54					1,076.54				1,076.54
Debt Service:										
Principal										
Interest										
Other Payments for Refunding										
Capital Outlay										
Depreciation and Amortization Expense										
Total Expenditures/Expenses	2,575,312.36	0	0	0	0	2,575,312.36	0	0	0	2,575,312.36
Excess (Deficiency) of Revenues over Expenditures	2,657,641.64	0	0	0	0	2,657,641.64	0	0	0	2,657,641.64

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Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund Balances/
 Statement of Activities — Governmental Funds
 For the Fiscal Year Ended August 31, 2011

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
OTHER FINANCING SOURCES (USES)										
Bond and Note Proceeds										
Increase in Obligations Under Capital Leases										
Sale of Capital Assets										
Insurance Recoveries										
Transfer In										
Transfer Out										
Legislative Transfer In										
Legislative Transfer Out										
Gain (Loss) on Sale of Capital Assets										
Inc (Dec) in Net Assets Due to Interagency Transfer										
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0
SPECIAL ITEMS										
Proceeds from Sale of Park Land	0	0								0
EXTRAORDINARY ITEMS										
Natural Disaster-Hurricane										
Net Change in Fund Balances/Net Assets	2,657,641.64	0	0	0	0	2,657,641.64				2,657,641.64
Fund Financial Statement - Fund Balances										
Fund Balances, September 1, 2011										
Restatements										
Fund Balances, September 1, 2011, as Restated	0	0	0	0	0	0				0
Appropriations Lapsed										
Fund Balances, August 31, 2012	\$ 2,657,641.64	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,657,641.64				\$ 2,657,641.64
Government-Wide Statement of Net Assets										
Net Assets/Net Change in Net Assets							0	0	0	
Net Assets, September 1, 2011										
Restatements										
Net Assets, September 1, 2011, as Restated							0	0	0	0
Net Assets, August 31, 2012							\$ 0	\$ 0	\$ 0	\$ 2,657,641.64

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

UNAUDITED

Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
 August 31, 2012

	General	Consolidated Accounts			Total
	Fund 1	Fund 1	Fund 2	Fund 3	
	(9999)*	(XXXX)*	(XXXX)*	(XXXX)*	
	U/F (7999)	U/F (XXXX)	U/F (XXXX)	U/F (XXXX)	
ASSETS					
Current Assets:					
Cash					
On Hand	\$	\$	\$	\$	\$
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments					
Securities Lending Collateral					
Legislative Appropriations					
Receivables from:					
Accounts Receivable					
Taxes					
Federal					
Investment Trades					
Other Intergovernmental					
Interest and Dividends					
Other	2,691,804.94				2,691,804.94
Due From Other Funds					
Due From Other Agencies					
Interfund Receivables					
Consumable Inventories					
Merchandise Inventories					
Prepaid Items					
Loans and Contracts					
Restricted:					
Cash					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments					
Other Current Assets					
Non-Current Assets:					
Gifts, Pledges and Donations					
Interfund Receivables					
Investments					
Loans and Contracts					
Restricted:					
Cash					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments					
Receivables					
Investments					
Loans and Contracts					
Other Assets					
Other Non-Current Assets					
Total Assets	\$ 2,691,804.94	\$	\$	\$	\$ 2,691,804.94

UNAUDITED

Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
 August 31, 2012

	General	Consolidated Accounts			Total
	Fund 1 (9999)* U/F (7999)	Fund 1 (XXXX)* U/F (XXXX)	Fund 2 (XXXX)* U/F (XXXX)	Fund 3 (XXXX)* U/F (XXXX)	
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables from					
Accounts	\$ 7,500.00	\$	\$	\$	\$ 7,500.00
Investment Trade					
Other Intergovernmental					
Payroll					
Federal					
Interest					
Contracts					
Other	26,663.30				26,663.30
Contract Retainage Payable					
Due To Other Funds					
Due To Other Agencies					
Interfund Payable					
Deferred Revenues					
Obligations/Reverse Repurchase Agreement					
Obligations/Securities Lending					
Short Term Debt					
Employees' Compensable Leave					
Claims and Judgments					
Capital Lease Obligations					
Notes and Loans Payable					
Revenue Bonds Payable					
General Obligation Bonds Payable					
Liabilities Payable from Restricted Assets					
Funds Held For Others					
Non-Current Liabilities					
Interfund Payables					
Employees' Compensable Leave					
Claims and Judgments					
Capital Lease Obligations					
Notes and Loans Payable					
Revenue Bonds Payable					
General Obligation Bonds Payable					
Liabilities Payable from Restricted Assets					
Assets Held for Others					
Total Liabilities	<u>34,163.30</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,163.30</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances					
Inventories					
Imprest					
Loans and Contracts					
Non-Current Interfund Receivable					
Debt Service					
Other					
Unreserved/Designated for:					
Permanent Health Fund					
Other					
Undesignated	2,657,641.64				2,657,641.64
Total Fund Balances	<u>2,657,641.64</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,657,641.64</u>
Total Liabilities and Fund Balances	<u>\$ 2,691,804.94</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,691,804.94</u>

* GAAP Fund is noted as (9999), USAS D23 U/F (7999)

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Texas Council on Alzheimer's Disease and Related Disorders
Exhibit A-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
All General and Consolidated Funds
For the Fiscal Year Ended August 31, 2012

	General	Consolidated Accounts			Total
	Fund 1	Fund 1	Fund 2	Fund 3	
	(9999)*	(XXXX)*	(XXXX)*	(XXXX)*	
	U/F (7999)	U/F (XXXX)	U/F (XXXX)	U/F (XXXX)	
REVENUES					
Legislative Appropriations					
Original Appropriations (GR)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Additional Appropriations (GR)					0
Taxes (GR)					0
Federal Revenue (PR - Operating or Capital)					0
Federal Grant Pass-Through Revenue (GR)					0
State Grant Pass-Through Revenue (GR)	5,230,625.00				5,230,625.00
License, Fees & Permits (PR)					0
Contribution to Employee's Benefit Funds (PR)					0
Interest and Other Investment Income (PR)					0
Interest and Other Investment Income (GR)					0
Net Increase (Decrease) in Fair Value (PR)					0
Net Increase (Decrease) in Fair Value (GR)					0
Land Income (PR)					0
Settlement of Claims (PR)					0
Settlement of Claims (GR)					0
Sales of Goods and Services (PR)					0
Other (PR - Chg for Serv, Operating or Capital)					0
Other (GR)	2,329.00				2,329.00
Total Revenues	5,232,954.00	0	0	0	5,232,954.00
EXPENDITURES					
Salaries and Wages					0
Payroll Related Costs					0
Professional Fees and Services	2,572,375.34				2,572,375.34
Travel	1,209.75				1,209.75
Materials and Supplies					0
Communication and Utilities	632.67				632.67
Repairs and Maintenance					0
Rentals and Leases					0
Printing and Reproduction	18.06				18.06
Claims and Judgments					0
Federal Grant Pass-Through Expenditures					0
State Grant Pass-Through Expenditures					0
Intergovernmental Payments					0
Public Assistance Payments					0
Employee Benefit Payments					0
Other Expenditures	1,076.54				1,076.54
Debt Service:					
Principal					0
Interest					0
Other Financing Fees					0
Other Payments for Refunding					0
Capital Outlay					0
Total Expenditures	2,575,312.36	0	0	0	2,575,312.36
Excess (Deficiency) of Revenues over Expenditures	2,657,641.64	0	0	0	2,657,641.64
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds					0
Bonds Issued for Refunding					0
Premiums on Bonds Issued					0
Payment to Escrow for Refunding					0
Increase in Obligations Under Capital Leases					0
Sale of Capital Assets					0
Insurance Recoveries					0
Transfers In					0
Transfers Out					0
Legislative Transfers In					0
Legislative Transfers Out					0
Total Other Financing Sources (Uses)	0	0	0	0	0
SPECIAL ITEMS					
Proceeds from Sale of Park Land					0

UNAUDITED

Texas Council on Alzheimer's Disease and Related Disorders
 Exhibit A-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
 All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2012

	General	Consolidated Accounts			Total
	Fund 1 (9999)* U/F (7999)	Fund 1 (XXX)* U/F (XXX)	Fund 2 (XXX)* U/F (XXX)	Fund 3 (XXX)* U/F (XXX)	
EXTRAORDINARY ITEMS					
Natural Disaster-Hurricane Schermann/Bean					0
Net Change in Fund Balances	2,657,641.64	0	0	0	2,657,641.64
Fund Financial Statement - Fund Balances					
Fund Balances, September 1, 2011, as Restated					0
Restatements					0
Fund Balances, September 1, 2011, as Restated	0	0	0	0	0
Appropriations Lapsed					0
Fund Balances, August 31, 2012	\$ 2,657,641.64	\$ 0	\$ 0	\$ 0	\$ 2,657,641.64

Texas Council on Alzheimer's Disease and Related Disorders – Agency 016

Notes to the Financial Statements

For the Fiscal Year Ended August 31, 2012

(Unaudited)

Note 1: Summary of Significant Accounting Policies

Entity

The Texas Council on Alzheimer's Disease and Related Disorders ("The Council") is an agency of the state of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The Council consists of seventeen members including five public citizens, seven professional members with expertise in Alzheimer's disease and related disorders and five representatives from the Texas Department of State Health Services ("DSHS") and the Texas Department of Aging and Disability Services. Excluding the agency representatives, the governor, lieutenant governor and speaker of the Texas House of Representatives each appoint four members.

The Council is authorized by Chapter 101 of the *Texas Health and Safety Code*. The Council serves the state by (1) advising the Texas Board of Health and recommending needed action for the benefit of victims of Alzheimer's disease and related disorders and for their caregivers; (2) coordinating public and private family support networking systems for primary family caregivers; (3) disseminating information on services and related activities for victims of Alzheimer's disease and related disorders to the medical and health care community, the academic community, primary family caregivers, advocacy associations, and the public; (4) coordinating a volunteer assistance program primarily for in-home and respite care services; (5) encouraging research to benefit victims of Alzheimer's disease and related disorders; (6) recommending to the Texas Board of Health disbursement of grants and funds available for the council; (7) facilitation and coordination of state agency services and activities relating to victims of Alzheimer's disease and related disorders; and, (8) to establish a consortium of Alzheimer's disease centers pursuant to Chapter 154 of the *Texas Education Code* ("the Consortium").

The Council has no blended or discretely presented component units. The Council does not have paid staff and has contracted with The University of Texas System ("U. T. System") to act as its fiscal agent. The Council receives administrative support services from DSHS which are provided without charge.

Due to the statewide requirements embedded in Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the state of Texas *Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund Type

General Revenue Fund – The General Revenue Fund is used to account for all financial resources of the Council except those required to be accounted for in another fund. The Council has no financial resources accounted for in other funds.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Assets, Liabilities and Fund Balances

Assets

Cash and Cash Equivalents – Short-term highly liquid investments with maturities of three months or less when purchased are generally considered cash and cash equivalents.

Other Receivables – The liquid assets of the Council are held by U. T. System as fiscal agent for the Council and are considered to be an Other Receivable. The U. T. System accounts for the activities as an Agency Fund and the balances of the Council are reflected as a liability on the balance sheet of U. T. System.

Liabilities

Accounts Payable – Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Payables – Other Payables includes amounts to be returned to the Texas Higher Education Coordinating Board (“THECB”) for contractual amounts not expended by the end of the award period.

Fund Balance

Fund Balance is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance - Fund balances for the governmental fund are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances - This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Unreserved/Undesignated - This represents the unappropriated balance at year-end.

Undesignated – Undesignated balances consist of funds that do not meet the definition of the two preceding categories. Undesignated fund balances often have constraints on resources, which are imposed by management but can be removed or modified.

Note 2: Capital Assets (Not Applicable)

Note 3: Deposits, Investments and Repurchase Agreements (Not Applicable)

Note 4: Short-Term Debt (Not Applicable)

Note 5: Long-Term Liabilities (Not Applicable)

Note 6: Bonded Indebtedness (Not Applicable)

Note 7: Derivatives (Not Applicable)

Note 8: Leases (Not Applicable)

Note 9: Pension Plans (Not Applicable)

Note 10: Deferred Compensation (Not Applicable)

Note 11: Post Employment Health Care and Life Insurance Benefits (Not Applicable)

Note 12: Interfund Activity and Transactions (Not Applicable)

Note 13: Continuance Subject to Review (Not Applicable)

Note 14: Adjustments to Fund Balances (Not Applicable)

Note 15: Contingencies and Commitments

The Council is not aware any contingencies or commitments which would have a material effect on the financial statements.

Note 16: Subsequent Events

The Council is not aware any subsequent events which would have a material effect on the financial statements.

Note 17: Risk Management

The Council does not purchase commercial insurance nor is it involved in any risk pools with other government entities.

Note 18: Management Discussion and Analysis

During the year ended August 31, 2012, the fund balance of the Council's General Fund increased from \$0.00 to \$2,657,641.64.

The state of Texas provided \$5,230,625.00 to the Council during the 2012 fiscal year through THECB for the purpose of supporting the Consortium. The funds were appropriated to THECB to finance the operations of the Consortium for the 2012-13 biennium. During the year, the Council incurred expenses of \$2,575,312.36 toward the purposes of the Consortium. The Council will utilize the unspent balance of the 2012 appropriation to finance 2013 operations.

By contract, any unexpended amounts received from THECB for a biennium must be returned to THECB within sixty days of the end of the biennium. The Council received a return of funds from a Consortium member subsequent to that sixty day period and has accrued a refund at August 31, 2012, totaling \$26,663.30 related to a prior appropriation period.

Note 19: The Financial Reporting Entity

The Council does not have any component units, related organizations, joint ventures, or jointly governed organizations as defined by GASB Statement No. 14, *The Financial Reporting Entity*. The Council has no related party transactions.

Note 20: Stewardship, Compliance and Accountability

The Council does not have financing and accordingly has not violated related legal or contractual provisions. The Council has no deficit fund balances and has not expended funds in excess of appropriations.

Note 21: Not Applicable

Note 22: Donor Restricted Endowments (Not Applicable)

Note 23: Extraordinary and Special Items (Not Applicable)

Note 24: Disaggregation of Receivable and Payable Balances

Other Receivables totaling \$2,691,804.94 at August 31, 2012, consist entirely of balances held by U. T. System as fiscal agent for the Council.

Accounts Payable totaling \$7,500.00 at August 31, 2012, consist of outstanding balances resulting from the receipt of goods or services received prior to year-end for which payment was pending.

Other Payables totaling \$26,663.30 at August 31, 2012, consist of balances to be returned to THECB from a prior contract period.

Note 25: Termination Benefits (Not Applicable)

Note 26: Segment Information (Not Applicable)

**State of Texas - State Pass-through Reporting
Schedule 1B**

Texas Council on Alzheimer's Disease and Related Disorders (016)
 Schedule 1B
 Schedule of State Grant Pass-Throughs From/To State Agencies
 For the Year Ended August 31, 2012

Pass-through From	Grant ID	Agency Number	Amount
Alzheimer's Disease Centers	781.0014		
Texas Higher Education Coordinating Board		781	5,230,625.00
			5,230,625.00
Total Pass-Through from Other Agencies (Exh. II):			5,230,625.00

Pass-through To	Grant ID	Agency Number	Amount
Total Pass-Through to Other Agencies (Exh. II):			



