

ALZHEIMER'S DISEASE INTERNATIONAL

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**EIGHTEEN MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2007**

ALZHEIMER'S DISEASE INTERNATIONAL

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AND YEAR ENDED DECEMBER 31, 2007**

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RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

Alzheimer's Disease International

Independent Auditor's Report

We have audited the accompanying statements of financial position of Alzheimer's Disease International at June 30, 2009 and December 31, 2007 and the related statements of activities and changes in net assets, and statements of cash flows for the eighteen months ended June 30, 2009 and the year ended December 31, 2007. These financial statements are the responsibility of the Board'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 audit 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease International at June 30, 2009 and December 31, 2007, and the results of its operations and changes in net assets and cash flows for the eighteen months ended June 30, 2009 and the year ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.



December 18, 2009

**ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION**

JUNE 30, 2009 AND DECEMBER 31, 2007

ASSETS

	June 30, 2009		December 31, 2007	
	Unrestricted Funds	Temporarily Restricted Funds	Unrestricted Funds	Temporarily Restricted Funds
Cash and cash equivalents	\$ 586,551		\$ 191,852	
Accounts receivable	37,201		629	
Due from conference	173,724		0	
Grants & contributions receivable		285,734		257,057
Due from Friends of ADI	6,587		3,982	
Investments	177,442		299,577	
Prepaid expenses & other	147,458		40,427	
Fixed assets, net of accumulated depreciation of \$42,327 in 2009 and \$34,572 in 2007	1,938		8,668	
Interfund balance	8,493	(8,493)	(31,111)	31,111
Total assets	\$ 1,139,394	277,241	\$ 514,024	288,168
		1,416,635		802,192

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable	\$ 784,370		\$ 123,267	
Total liabilities	784,370	0	123,267	0
Net assets				
Unrestricted	355,024		390,757	
Temporarily restricted		277,241		288,168
Total net assets	355,024	277,241	390,757	288,168
Total liabilities and net assets	\$ 1,139,394	277,241	\$ 514,024	288,168
		1,416,635		802,192

See independent auditor's report and notes to financial statements.

ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EIGHTEEN MONTHS ENDED JUNE 30, 2009
AND THE YEAR ENDED DECEMBER 31, 2007

	Eighteen Months Ended June 30, 2009			Year Ended December 31, 2007			
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total	Percent of Support & Revenue
Support and revenue							
Dues	\$ 351,423		351,423	\$ 337,580		337,580	42.38%
Contributions and grants	435,922	873,622	1,309,544	33,494	318,168	351,662	44.14%
Conference revenue	565,276	565,276	565,276	14,031		14,031	1.76%
Fund raising event	0	0	0	720		720	0.09%
In kind contributions	0	0	0	25,000		25,000	3.14%
Interest and other	10,293		10,293	13,062		13,062	1.64%
Realized gain on investments	896		896	7,084		7,084	0.89%
Unrealized loss on investments	(17,215)		(17,215)	(3,287)		(3,287)	-0.41%
Gain (loss) on currency exchange transactions	(107,715)	2,515	(105,200)	50,765		50,765	6.37%
Net assets released from restriction:							
Satisfaction of program restrictions	887,064	(887,064)	0	65,000	(65,000)	0	
Total support and revenue	2,125,944	(10,927)	2,115,017	543,449	253,168	796,617	100.00%
Expenses							
Program services							
Conference	672,589		672,589	166,225		166,225	20.87%
Information	106,686		106,686	70,617		70,617	8.86%
Member support and development	294,854		294,854	277,092		277,092	34.78%
Promotion	216,066		216,066	150,358		150,358	18.87%
Research	447,496		447,496	44,248		44,248	5.55%
Total program services	1,737,691	0	1,737,691	708,541	0	708,541	88.94%
Support services							
General administration	346,856		346,856	180,910		180,910	22.71%
Fund raising	77,131		77,131	108,704		108,704	13.65%
Total support services	423,986	0	423,986	289,613	0	289,613	36.36%
Total expenses	2,161,677	0	2,161,677	998,154	0	998,154	125.30%
Increase (decrease) in net assets	(35,733)	(10,927)	(46,660)	(454,705)	253,168	(201,537)	-25.30%
Net assets							
Beginning of year	390,757	288,168	678,925	845,462	35,000	880,462	
End of year	\$ 355,024	277,241	632,265	\$ 390,757	288,168	678,925	

See independent auditor's report and notes to financial statements.

ALZHEIMERS DISEASE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
EIGHTEEN MONTHS ENDED JUNE 30, 2009
(With comparative totals for the year ended December 31, 2007)

	2009										Percent of Total
	Program Services					Support Services					
	Conference	Information	Member Support and Development	Promotion and Awareness	Research	Administration	General	Fund Raising	Total	Total 2007	
Salaries and related expenses	\$ 67,298	58,556	74,577	82,598	10,704	248,849	60,838	603,421	27.91%	\$ 492,816	45.61%
Grants to members	13,379	-	167,820	50,538	427,033	6,218	-	665,188	30.77%	111,285	11.66%
Occupancy	9,179	7,986	10,172	11,266	1,460	33,941	8,298	82,301	3.81%	61,461	9.33%
Printing	5,936	22,449	1,190	26,194	350	4,167	1,479	61,767	2.86%	32,270	3.99%
Postage and delivery	5,233	16,027	1,172	7,623	-	1,056	73	31,184	1.44%	23,666	2.65%
Office expense and miscellaneous	2,645	71	1,070	1,674	-	14,155	917	20,532	0.95%	-	-
Telephone and internet	982	844	854	948	844	11,238	850	16,561	0.00%	18,985	3.57%
Professional fees	412,496	-	-	805	6,968	14,275	-	434,544	0.77%	8,337	1.03%
Fund raising event	-	-	-	-	-	-	-	-	20.10%	73,793	10.63%
Conferences and meetings, including travel and accommodations	154,375	-	37,040	33,358	-	9,759	3,893	238,425	11.03%	155,955	10.50%
Total expenses before depreciation	671,724	105,934	293,895	215,005	447,359	343,657	76,349	2,153,922	99.64%	985,859	98.97%
Depreciation	865	753	958	1,062	138	3,198	782	7,755	0.36%	12,295	1.03%
Total 2009 - 18 Months	\$ 672,589	106,686	294,854	216,066	447,496	346,856	77,131	2,161,677	100.00%		
Percent of Total	31.11%	4.94%	13.64%	10.00%	20.70%	16.05%	3.57%	100.00%			
Total 2007 - 12 Months	\$ 166,225	70,617	277,092	150,358	44,248	180,910	108,704			\$ 998,154	100.00%
Percent of Total	16.65%	7.07%	27.76%	15.06%	4.43%	18.12%	10.89%			100.00%	

See independent auditor's report and notes to financial statements.

ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007
(With comparative totals for 2006)

	2007										Percent of Total	Total 2006	Percent of Total
	Program Services					Support Services							
	Conference	Information	Member Support and Development	Promotion and Awareness	Research	General Administration	Fund Raising	Total	Percent of Total	Total 2006			
Salaries and related expenses	\$ 76,092	40,243	120,360	99,360	4,509	113,380	38,872	492,816	49.37%	\$ 359,094	43.14%		
Grants to members	7,859		55,800	10,788	36,838			111,285	11.15%	63,075	7.58%		
Occupancy including donated space	9,360	5,175	14,997	12,901	502	13,391	5,135	61,461	6.16%	56,984	6.85%		
Printing	-	12,656	994	9,482	1,250	5,542	2,346	32,270	3.23%	39,974	4.80%		
Postage and delivery	3,340	10,634	2,389	5,796	168	739	600	23,666	2.37%	19,515	2.34%		
Office expense and miscellaneous	759	108	4,007	790	54	10,027	3,240	18,985	1.90%	25,718	3.09%		
Telephone and internet	797	797	868	797	797	3,484	797	8,337	0.84%	7,170	0.86%		
Professional fees	16,496		2,239			15,414	39,644	73,793	7.39%	63,628	7.64%		
Fund raising event							7,291	7,291					
Conferences and meetings, including travel and accommodations	49,624		72,435	7,965	18	16,104	9,809	155,955	15.62%	177,786	21.36%		
Total expenses before depreciation	164,327	69,613	274,089	147,879	44,136	178,081	107,734	985,859	98.77%	812,944	97.67%		
Depreciation	1,898	1,004	3,003	2,479	112	2,829	970	12,295	1.23%	19,423	2.33%		
Total 2007	\$ 166,225	70,617	277,092	150,358	44,248	180,910	108,704	998,154	100.00%				
Percent of Total	16.65%	7.07%	27.76%	15.06%	4.43%	18.12%	10.89%	100.00%					
Total 2006	\$ 125,255	97,430	188,315	163,756	10,575	170,724	76,311			\$ 832,367	100.00%		
Percent of Total	15.05%	11.71%	22.62%	19.67%	1.27%	20.51%	9.17%			100.00%			

See independent auditor's report and notes to financial statements.

ALZHEIMER'S DISEASE INTERNATIONAL

STATEMENTS OF CASH FLOWS

EIGHTEEN MONTHS ENDED JUNE 30, 2009
AND THE YEAR ENDED DECEMBER 31, 2007

	Eighteen Months Ended June 30, 2009			Year Ended December 31, 2007		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash flows from operating activities:						
Change in net assets	\$ (35,733)	(10,927)	(46,660)	\$ (454,705)	253,168	(201,537)
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation	7,755		7,755	12,295		12,295
Realize gain on investments	(896)		(896)	(7,084)		(7,084)
Unrealized loss (gain) on investments	17,215		17,215	3,287		3,287
Change in interfund balance	(39,604)	39,604		31,111	(31,111)	
Decrease (increase) in accounts receivable	(36,572)		(36,572)	-		-
Decrease (increase) in due from conference	(173,724)		(173,724)	55,380		55,380
Decrease (increase) in grant receivable	-	(28,677)	(28,677)	-	(222,057)	(222,057)
Decrease (increase) in due from Friends of ADI	(2,605)		(2,605)	101,383		101,383
Decrease (increase) in prepaid expenses	(107,031)		(107,031)	(27,014)		(27,014)
Increase (decrease) in accounts payable	661,103		661,103	66,912		66,912
Net cash flow from operations	289,908	-	289,908	(218,435)		(218,435)
Investing activities						
Purchase of fixed assets	(1,024)		(1,024)			
Purchase of investments	(33,639)		(33,639)	(98,988)		(98,988)
Proceeds from sales of investments	139,454		139,454	402,268		402,268
Increase in cash	394,699		394,699	84,845		84,845
Cash and cash equivalents						
Beginning of year	191,852		191,852	107,007		107,007
End of year	\$ 586,551		586,551	\$ 191,852		191,852

See independent auditor's report and notes to financial statements.

ALZHEIMER'S DISEASE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

**EIGHTEEN MONTHS ENDED JUNE 30, 2009
AND YEAR ENDED DECEMBER 31, 2007**

1. Summary of significant accounting policies:

Purpose of the organization

Alzheimer's Disease International: The International Federation of Alzheimer's Disease and Related Disorders Societies, Inc. (ADI) was incorporated in 1985 as a world wide organization to: advance the well-being of people with dementia, their families and caregivers; provide a world wide forum to foster discussion, research, education and public policy about dementia; foster the development of voluntary associations; and facilitate cooperation among international organizations.

Basis of accounting

The accompanying financial statements are prepared in accordance with generally accepted accounting principles as set forth in the Financial Accounting Standards Board Statements 116 and 117. Revenue and expenses are recorded on the accrual basis of accounting. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Restricted grants are recognized as temporarily restricted revenue when received and transferred to the unrestricted fund when expended.

Dues are computed as a percentage of members' unrestricted revenues. Minimum dues were increased 6% in 2008 and are generally \$1,060, \$530 or \$106 (\$1,000, \$500 and \$100 in 2007) depending on the income of the country. Dues are payable July 31 for the calendar year end and are based on the prior year-end financial statements. All computations are performed by the member organizations.

Fixed assets

Furniture and equipment are recorded at cost and depreciation is provided on a straight-line basis over the estimated useful lives of three to five years.

Income taxes

Alzheimer's Disease International is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional expense allocation

Expenses have been allocated to program and supporting services based on estimates made by management.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Net Assets:

ADI classifies its net assets into two categories:

Unrestricted net assets include all of the unrestricted support and revenue of ADI, all of the expenses of the organization are recorded in this category and transfers from temporarily restricted net assets are made as the restrictions of the grants are met.

Temporarily restricted net assets include all the restricted support and revenue of ADI. Transfers are made from this fund to unrestricted net assets as expenditures are incurred which meet the restrictions of the donors.

3. Major support:

ADI receives approximately 67% (69% in 2007) of its dues revenues from two member organizations. Two major contributions were received in year ended December 31, 2007 and no major contributions were received in the eighteen months ended June 30, 2009.

4. In kind contributions:

In the eighteen months ended June 30, 2009 ADI received \$0 (\$25,000 in the year ended December 31, 2007) of in-kind contributions for the Alzheimer University Program in the form of conference space. This gift has been recorded as a contribution and as a cost of the Alzheimer University expense in the accompanying financial statements.

A nominal amount in expenses for telephone and related costs of the Chairman of ADI were contributed directly by the Chair in the eighteen months ended June 30, 2009 and year ended December 31, 2007. These expenses have not been reflected in these financial statements. Travel and related expense of other Board members were also contributed directly or through sponsorships. These expenses have not been captured or reflected in these financial statements.

5. **Program activities:**

The major activities of ADI include an annual international conference; printing of educational materials (newsletter, fact sheets and booklets); assistance to members; development of new Alzheimer associations including the Alzheimer University - a program designed to strengthen the work of Alzheimer associations and World Alzheimer's Day. The international conference is coordinated and planned by the association with the assistance of a conference organizer. In the 2007 the conference was coordinated and planned by a member country with the approval of a conference proposal by the ADI board. The 2009 conference was held in Singapore and in 2007 it was held in Caracas, Venezuela. In 2007 the conference expenses were primarily for travel assistance for people to attend the conference and registration and accommodation for the staff and Chairman to attend the conference. ADI received a share of the conference revenues, which amounted to approximately \$14,000 in year ended December 31, 2007.

6. **Friends of ADI:**

Friends of ADI (Friends) was created in 1999 as a United Kingdom charity to raise money for ADI. These funds are generally unrestricted in accordance with the Friends of ADI trustees. Friends raised approximately \$8,000 in eighteen months ended June 30, 2009 (\$5,200 in year ended December 31, 2007). Friends owed ADI \$6,587 at June 30, 2009 and \$3,982 at December 31, 2007.

7. **Reclassifications:**

Certain amounts in the 2007 financial statements have been reclassified to agree to the 2009 presentation.

8. **Commitment:**

ADI relocated its offices in February 2005. As part of the relocation, ADI entered into a 5 year lease agreement for office space. Minimum annual rentals are approximately \$36,000 per year including a service charge.

9. **Investments:**

Investments are composed of the following at June 30, 2009:

	Cost	Market	Unrealized Gain (loss)	Investment Income
Money Market and Cash equivalents	\$ 45,553	45,553	0	2,534
Mutual funds	144,109	131,889	(12,221)	10,777
	<u>\$ 189,663</u>	<u>177,492</u>	<u>(12,221)</u>	<u>10,293</u>

Investments are composed of the following at December 31, 2007:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (loss)</u>	<u>Investment Income</u>
Money Market and Cash equivalents	\$ 81,075	81,075	0	2,534
Mutual funds	<u>213,264</u>	<u>218,075</u>	<u>4,811</u>	<u>10,777</u>
	<u>\$ 294,766</u>	<u>299,577</u>	<u>4,811</u>	<u>13,062</u>

10. Temporarily restricted net assets:

The temporarily restricted net assets are:

	<u>18 mos. Ended 6/30/09</u>	<u>Year Ended 12/31/07</u>
Restricted grants for		
- Alzheimer University	\$ 89,029	\$ 59,591
- Conference		3,486
- World Alzheimer's Day	44,653	
- World Alzheimer Report	14,609	
- WHO Advocacy	37,500	
- Research	80,640	67,897
- Other Programs	<u>10,810</u>	<u>157,193</u>
	<u>\$ 277,241</u>	<u>\$ 288,167</u>

11. Commitment for Conference Coordinator:

ADI has entered into a contract for the planning, administration and organization of the Annual Congress for 2009 and a separate agreement for the Annual Congresses for 2010, 2011 and 2012. The agreement for 2009 provides for minimum fees of \$49,000 which are payable \$33,200 in 2008 and \$15,800 in 2009. The agreement for the 2010 to 2012 Congresses provide for minimum fees of \$339,500 (\$109,000 for 2010, \$111,300 for 2010 and \$119,200 for 2012) with minimum annual payments of \$50,100 in 2008, \$65,700 in 2009, \$85,300 in 2010, \$83,900 in 2011 and \$54,500 in 2012.