

ALZHEIMER'S DISEASE INTERNATIONAL
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2014 AND 2013

ALZHEIMER'S DISEASE INTERNATIONAL

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RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors of
Alzheimer's Disease International

We have audited the accompanying financial statements of Alzheimer's Disease International, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Auditor's Responsibility

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 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 Alzheimer's Disease International as of June 30, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Northbrook, IL
March 23, 2015

ALZHEIMER'S DISEASE INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

ASSETS

	2014		2013 - Consolidated	
	Unrestricted Funds	Temporarily Restricted Funds	Unrestricted Funds	Temporarily Restricted Funds
Cash and cash equivalents	\$ 224,255	224,255	\$ 750,777	750,777
Accounts receivable	305,407	305,407	191,576	191,576
Due from conference	75,787	75,787	56,170	56,170
Grants & contributions receivable		310,523		436,024
Prepaid expenses & other	106,466	106,466	70,863	70,863
Fixed assets, net of accumulated depreciation of \$46,135 in 2014 and \$41,377 in 2013	4,280	4,280	6,036	6,036
Interfund balance	(125,406)	125,406	(228,817)	228,817
Total assets	\$ 590,789	435,929	\$ 846,605	664,841
		1,026,718		1,511,446

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable	\$ 487,464	487,464	\$ 396,296	396,296
Total liabilities	487,464	0	396,296	0
Net assets				
Unrestricted	103,325	103,325	450,309	450,309
Temporarily restricted		435,929		664,841
Total net assets	103,325	435,929	450,309	664,841
Total liabilities and net assets	\$ 590,789	435,929	\$ 846,605	664,841
		1,026,718		1,511,446

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

ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013 - Consolidated			
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total	Percent of Support & Revenue
Support and revenue							
Dues	\$ 381,075		381,075	\$ 397,136		397,136	15.76%
Contributions and grants	393,661		886,015	199,770	1,151,470	1,351,240	53.62%
Conference revenue	448,924	492,354	448,924	767,113		767,113	30.44%
Interest and other	9,797		9,797	4,609		4,609	0.18%
In Kind Contributions.	13,798		13,798				
Gain (loss) on currency exchange transactions	(25,813)		(25,813)	(4)		(4)	0.00%
Net assets released from restriction:							
Satisfaction of program restrictions	721,266	(721,266)	0	625,101	(625,101)	0	
Total support and revenue	1,942,708	(228,912)	1,713,796	1,993,725	526,369	2,520,094	100.00%
Expenses							
Program services							
Conference	801,073		801,073	785,141		785,141	31.16%
Information	66,525		66,525	63,320		63,320	2.51%
Member support and development	515,733		515,733	292,862		292,862	11.62%
Promotion	682,386		682,386	489,428		489,428	19.42%
Research	16,525		16,525	168,108		168,108	6.67%
Total program services	2,082,241	0	2,082,241	1,798,859	0	1,798,859	71.38%
Support services							
General administration	106,359		106,359	136,333		136,333	5.41%
Fund raising	101,091		101,091	87,062		87,062	3.45%
Total support services	207,451	0	207,451	223,395	0	223,395	8.86%
Total expenses	2,289,692	0	2,289,692	2,022,254	0	2,022,254	80.25%
Increase (decrease) in net assets	(346,984)	(228,912)	(575,896)	(28,529)	526,369	497,840	19.75%
Net assets							
Beginning of year	450,309	664,841	1,115,150	478,838	138,472	617,310	
End of year	\$ 103,325	435,929	539,254	\$ 450,309	664,841	1,115,150	

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

ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	2014				Percent of Total				
	Program Services		Support Services						
	Conference	Information	Member Support and Development	Promotion and Awareness	Research	General Administration	Fund Raising	Total	
Salaries and related expenses	\$ 69,771	38,230	106,654	203,558	14,394	65,681	81,157	579,445	25.31%
Grants to members	17,779		133,021	42,708				193,508	8.45%
Regional office support			77,316					77,316	3.38%
Dues forgiveness - hardship			13,732					13,732	0.60%
Occupancy	5,983	3,369	9,121	16,810	1,181	5,911	6,512	48,887	2.14%
Printing	64,090	12,682	134	51,006		1,689	2,025	131,626	5.75%
Postage and delivery	857	9,532	4,966	14,673		913		30,941	1.35%
Insurance	380	214	580	1,069	75	376	414	3,108	0.14%
Office expense and miscellaneous	42,384	1,208	5,522	6,985	423	4,314	3,379	64,215	2.80%
Telephone and internet	2,470	962	2,899	6,575	337	2,873	1,884	18,000	0.79%
Professional fees	191,097		26,752	106,418		13,814		338,081	14.77%
Bad debt						1,744		1,744	0.08%
Conferences and meetings, including travel and accommodations	405,680		134,148	230,948		8,469	5,086	784,331	34.25%
Total expenses before depreciation	800,491	66,197	514,845	680,750	16,410	105,784	100,457	2,284,934	99.79%
Depreciation	582	328	888	1,636	115	575	634	4,758	0.21%
Total 2014	\$ 801,073	\$ 66,525	515,733	682,386	16,525	106,359	101,091	2,289,692	100.00%
Percent of Total	34.99%	2.91%	22.52%	29.80%	0.72%	4.65%	4.42%	100.00%	

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

ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

2013

	Program Services				Support Services		Percent of Total		
	Conference	Information	Member Support and Development	Promotion and Awareness	Research	General Administration		Fund Raising	
Salaries and related expenses	\$ 68,433	35,237	93,308	143,236	13,718	66,707	66,707	487,347	24.10%
Grants to members	12,500		43,196	75,064	151,362			282,122	13.95%
Dues forgiveness - hardship			17,403					17,403	0.86%
Occupancy	6,775	3,388	9,679	14,518	1,452	6,291	6,291	48,394	2.39%
Printing	24,909	12,145	642	70,166	562	1,917	1,028	111,369	5.51%
Postage and delivery	3,390	4,179	4,620	14,242		815		27,246	1.35%
Insurance	1,955	100	1,270	427	43	741	185	4,721	0.23%
Office expense and miscellaneous	18,596	461	2,811	6,589	333	11,616	856	41,262	2.04%
Telephone and internet	3,432	852	1,142	1,696	499	5,012	1,178	13,811	0.68%
Professional fees	328,323	6,597	26,994	83,642		22,902		468,458	23.17%
Bad debt	23					16,007		16,030	0.79%
Conferences and meetings, including travel and accommodations	316,107		90,851	78,391		3,639	10,131	499,119	24.68%
Total expenses before depreciation	784,443	62,959	291,916	487,971	167,969	135,647	86,376	2,017,282	99.75%
Depreciation	698	361	946	1,457	139	686	686	4,972	0.25%
Total 2013	\$ 785,141	\$ 63,320	292,862	489,428	168,108	136,333	87,062	2,022,254	100.00%
Percent of Total	38.83%	3.13%	14.48%	24.20%	8.31%	6.74%	4.31%	100.00%	

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

ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014		2013 - Consolidated	
	Unrestricted Funds	Temporarily Restricted Funds	Unrestricted Funds	Temporarily Restricted Funds
		Total		Total
Cash flows from operating activities:				
Change in net assets	\$ (346,984)	(228,912)	\$ (28,529)	497,840
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	4,758	4,758	4,972	4,972
Change in interfund balance	(103,411)	103,411	90,345	(90,345)
Decrease (increase) in accounts receivable	(113,831)	(113,831)	(94,978)	(94,978)
Decrease (increase) in due from conference	(19,617)	(19,617)	204,922	204,922
Decrease (increase) in grant receivable	-	125,501	-	(436,024)
Decrease (increase) in due from Friends of ADI	(35,603)	-	33,668	33,668
Decrease (increase) in prepaid expenses	91,168	91,168	22,138	22,138
Increase (decrease) in accounts payable	(523,520)	-	164,742	164,742
Net cash flow from operations	(3,002)	(3,002)	397,280	397,280
Investing activities				
Purchase of fixed assets	(526,522)	(526,522)	-	-
Increase in cash	750,777	750,777	397,280	397,280
Cash and cash equivalents				
Beginning of year	\$ 224,255	224,255	353,497	353,497
End of year	-	-	750,777	750,777

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

ALZHEIMER'S DISEASE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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 accounting principles generally accepted in the United States of America. 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.

Membership dues are based on the size of the member organization. For 2014 minimum dues ranged from \$10,920 to \$218 and for 2013 from \$10,600 to \$212 with the four larger members paying significantly more based on a historic percentage of their revenues. Dues are payable at the beginning of the year on July 31 for the fiscal year and are based on the prior year-end financial statements. Most computations are performed by the member organizations. In some cases, ADI computes the dues.

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

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited 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.

Investments

Investments are carried at market value.

Principles of consolidation

In 2012, ADI incorporated a wholly owned subsidiary to run the London conference in order to register for UK taxes. This subsidiary was used solely for the purposes of running the conference and was officially dissolved on January 28, 2014. The 2013 financial statements have been prepared on a consolidated basis and include the accounts of ADI and its wholly owned subsidiary, ADI London Conference Ltd. (ALC), collectively referred to as ADI. All material inter-company accounts and transactions have been eliminated.

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.

The Board of Directors has determined that a reserve of approximately 6 to 8 months of core functions of the organization is desirable. Core functions include maintenance of a central office, a buffer to sustain the conference and travel and activities with essential international commitments including a modest contingency. Based on current expenses, core functions are approximately \$750,000 per year resulting in a desired reserve of \$375,000 to \$500,000.

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 received approximately 66% in 2014 and 68% in 2013 of its dues revenues from two member organizations. Major gifts totaling approximately \$642,000 were received from two sources in 2014 and approximately \$1,114,000 were received from four sources in 2013. In addition, in 2014 ADI received the balance of a bequest of \$204,262.

4. In kind contributions:

A nominal amount in expenses for telephone and related costs of the Chairman of ADI were contributed directly by the Chair in the years ended June 30, 2014 and 2013. 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.

In 2014, ADI received a 50% discount from their mailing service and received rent free space for an event which has been recorded in the 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 Month. The international conference is coordinated and planned by the association with the assistance of a conference organizer. The 2014 conference was held in Puerto Rico and the 2013 conference was held in Taipei.

The following is a summary of the conference activity including ADI staff and administration:

	<u>2014</u>	<u>2013</u>
Support and revenue		
- Registrations, accommodations & tours	\$ 207,917	\$ 275,867
- Sponsors and contributions	<u>241,008</u>	<u>464,334</u>
Total support and revenue	448,925	740,201
Expenses		
- Grants	17,779	12,500
- Venue costs	389,466	240,283
- Professional conference administration	191,097	328,323
- Conference host	3,174	28,237
- Other conference costs	<u>199,558</u>	<u>175,799</u>
Total expenses	<u>801,074</u>	<u>785,142</u>
Net conference contribution (loss)	<u>\$ (352,149)</u>	<u>\$ (44,941)</u>

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 gave \$0 to ADI in the year ended June 30, 2014 and approximately \$30,600 in the year ended June 30, 2013. Friends owed ADI \$0 at June 30, 2014 and 2013.

7. Temporarily restricted net assets:

The temporarily restricted net assets are:

	<u>2014</u>	<u>2013</u>
Restricted grants for		
- Alzheimer University	\$ 25,000	\$ 75,000
- Member support	0	30,740
- World Alzheimer's Day	0	60,000
- Various Alzheimer Reports	66,745	90,451
- Regional support	300,638	315,644
- Other Programs	<u>43,546</u>	<u>93,006</u>
	<u>\$ 435,929</u>	<u>\$ 664,841</u>

8. **Income taxes:**

ADI is a United States Charity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. ADI adopted this new guidance for the year ended June 30, 2010. Management evaluated ADI's tax positions and concluded that ADI had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, ADI is no longer subject to income tax examinations by the U.S. federal, state or local authorities for years before June 30, 2011.

9. **Commitment for Conference and Coordinator:**

ADI has entered into a contract for the planning, administration and organization of the Annual Congresses through 2015. Minimum annual fees are \$70,000 for 2015.

In addition, ADI has entered into venue commitments for 2015 conference in Australia with a minimum revenue guarantee of \$134,770.

10. **Lease Commitment:**

ADI entered into an office space lease dated May 19, 2010 and ending January 30, 2015. Minimum annual rentals are approximately \$31,500 per year including a service charge for cleaning, maintenance and utilities. The minimum annual rental for the fiscal year ending June 30, 2015 is \$18,375. Rent expense for 2014 was \$48,886 and \$48,467 in 2013 including cleaning, maintenance and utilities. The lease was extended in February 2015 through January 30, 2020 with minimum annual rentals of \$18,625 in 2015, \$45,700 in 2016, \$48,000 in 2017, \$49,000 in 2018, \$49,600 in 2019 and \$28,900 in 2020.

11. **Subsequent Events:**

In February, ADI was informed that they would be receiving the balance of a bequest of approximately \$200,000 once the Final Accounting has been approved or within six months pursuant to Florida Statutes.

The Financial Accounting Standards Board (FASB) established reporting requirements for subsequent events. ADI adopted this standard as of June 30, 2010. Management has evaluated the impact of all subsequent events through March 23, 2015 the date the financial statements were available to be issued.