

Alzheimer's Disease International

Financial Statements

Years Ended June 30, 2019 and 2018





Independent Auditor's Report

To the Board of Directors
Alzheimer's Disease International
London, SE1 0BL United Kingdom

Report on the Financial Statements

We have audited the accompanying financial statements of Alzheimer's Disease International (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, 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; 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. Those standards require that we plan and perform the audits 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 Alzheimer's Disease International as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.



Emphasis of Matter

As discussed in Note 1 to the financial statements, Alzheimer's Disease International adopted the amendments in Accountings Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The amendments have been applied on a retrospective basis.

Wipfli LLP

February 20, 2020
Lincolnshire, Illinois

Alzheimer's Disease International

Statements of Financial Position

<i>As of June 30,</i>	2019	2018
Current Assets:		
Cash	\$ 366,794	\$ 687,999
Accounts receivable	4,768	3,101
Grants and contributions receivable - net of allowance for uncollectible accounts of \$10,000	360,727	253,813
Prepaid expenses and other	45,807	174,973
Total current assets	778,096	1,119,886
Property and Equipment:		
Furniture & equipment	57,315	46,414
Less accumulated depreciation	(44,803)	(40,331)
Net property and equipment	12,512	6,083
Total assets	\$ 790,608	\$ 1,125,969
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 93,047	\$ 120,300
Deferred revenue	39,246	395,082
Current maturities of note payable	932	-
Total current liabilities	133,225	515,382
Long-term Liabilities:		
Note payable, less current maturities	3,810	-
Total liabilities	137,035	515,382
Net Assets:		
Without donor restrictions	131,717	91,679
With donor restrictions	521,856	518,908
Total net assets	653,573	610,587
Total liabilities and net assets	\$ 790,608	\$ 1,125,969

See accompanying notes to financial statements.

Alzheimer's Disease International

Statements of Activities and Changes in Net Assets

Years Ended June 30,	2019				2018			
	Without Donor Restrictions	With Donor Restrictions	Total	Percent of Support & Revenue	Without Donor Restrictions	With Donor Restrictions	Total	Percent of Support & Revenue
Support and Revenue:								
Dues	\$ 454,412	\$ -	\$ 454,412	22.70 %	\$ 430,339	\$ -	\$ 430,339	29.86 %
Contributions and grants	319,315	549,364	868,679	43.41	407,352	515,020	922,372	64.00
Conference revenue (note 6)	533,472	-	533,472	26.66	-	-	-	-
Institutional funding	136,713	-	136,713	6.83	93,805	-	93,805	6.51
Interest and other	523	-	523	0.03	618	-	618	0.04
In-kind contributions	13,366	-	13,366	0.67	1,577	-	1,577	0.11
(Loss) on currency exchange transactions	(5,986)	-	(5,986)	(0.30)	(7,522)	-	(7,522)	(0.52)
Gain on sale of property and equipment	-	-	-	-	9	-	9	-
Net assets released from restrictions	546,416	(546,416)	-	-	405,318	(405,318)	-	-
Total support and revenue	1,998,231	2,948	2,001,179	100.00	1,331,496	109,702	1,441,198	100.00
Expenses:								
Program	1,604,381	-	1,604,381	80.17	944,355	-	944,355	65.53
General and administrative	243,024	-	243,024	12.14	222,211	-	222,211	15.42
Fund raising	110,788	-	110,788	5.54	105,034	-	105,034	7.29
Total expenses	1,958,193	-	1,958,193	97.85	1,271,600	-	1,271,600	88.24
Change in net assets	40,038	2,948	42,986	2.15 %	59,896	109,702	169,598	11.77 %
Net assets, beginning of year	91,679	518,908	610,587		31,783	409,206	440,989	
Net assets, end of year	\$ 131,717	\$ 521,856	\$ 653,573		\$ 91,679	\$ 518,908	\$ 610,587	

See accompanying notes to financial statements.

Alzheimer's Disease International

Statement of Functional Expenses

Year Ended June 30,

2019

	Program Services					Support Services			Percent of Total
	Conference	Member Support & Development	Promotion and Awareness	Research	Total Program Services	General Administrator	Fund Raising	Total	
Salaries and related expenses	\$ 85,776	\$ 104,279	\$ 205,302	\$ 123,369	\$ 518,726	\$ 95,258	\$ 95,491	\$ 709,475	36.23 %
Grants to members	-	56,746	38,970	-	95,716	-	-	95,716	4.89
Regional office support	-	86,144	-	-	86,144	25,000	-	111,144	5.68
Dues forgiveness - hardship	-	-	-	-	-	245	-	245	0.01
Occupancy	6,078	7,390	14,549	8,743	36,760	6,646	6,767	50,173	2.56
Printing	13,315	232	39,344	-	52,891	1,825	-	54,716	2.79
Postage and delivery	10,183	1,664	1,094	-	12,941	1,013	-	13,954	0.71
Insurance	3,809	-	-	-	3,809	747	-	4,556	0.23
Office expense and miscellaneous	18,743	3,658	4,653	-	27,054	13,470	-	40,524	2.07
Telephone and internet	2,092	3,107	8,713	2,653	16,565	2,284	2,073	20,922	1.07
Professional fees	27,951	39,203	116,935	-	184,089	25,121	-	209,210	10.68
Bad debt	450	-	-	-	450	10,778	-	11,228	0.57
Conferences and meetings including travel and accommodations	449,770	53,154	66,012	300	569,236	56,165	6,457	631,858	32.27
Total expenses before depreciation	618,167	355,577	495,572	135,065	1,604,381	238,552	110,788	1,953,721	99.77
Depreciation	-	-	-	-	-	4,472	-	4,472	0.23
Total	\$ 618,167	\$ 355,577	\$ 495,572	\$ 135,065	\$ 1,604,381	\$ 243,024	\$ 110,788	\$ 1,958,193	100.00 %
Percent of Total	31.56 %	18.16 %	25.31 %	6.90 %	81.93 %	12.41 %	5.66 %	100.00 %	

See accompanying notes to financial statements.

Alzheimer's Disease International

Statement of Functional Expenses

Year Ended June 30,

2018

	Program Services					Support Services			Percent of Total
	Conference	Member Support & Development	Promotion and Awareness	Research	Total Program Services	General Administrator	Fund Raising	Total	
Salaries and related expenses	\$ 80,719	\$ 108,791	\$ 149,353	\$ 76,353	\$ 415,216	\$ 95,469	\$ 58,122	\$ 568,807	44.73 %
Grants to members	-	50,250	8,000	-	58,250	-	-	58,250	4.58
Regional office support	-	66,465	-	-	66,465	25,000	-	91,465	7.19
Occupancy	7,020	9,462	12,990	6,641	36,113	8,660	5,055	49,828	3.92
Printing	-	1,345	16,820	-	18,165	1,585	-	19,750	1.55
Postage and delivery	11	1,882	801	-	2,694	1,472	-	4,166	0.33
Insurance	-	-	-	-	-	5,209	-	5,209	0.41
Office expense and miscellaneous	1,767	2,985	6,301	2,451	13,504	27,741	3,243	44,488	3.50
Telephone and internet	1,746	3,838	3,603	1,651	10,838	4,264	1,257	16,359	1.29
Professional fees	-	66,823	90,025	-	156,848	32,753	35,256	224,857	17.68
Bad debt	-	-	-	-	-	13,354	-	13,354	1.05
Conferences and meetings including travel and accommodations	12,009	78,334	75,396	523	166,262	3,452	2,101	171,815	13.51
Total expenses before depreciation	103,272	390,175	363,289	87,619	944,355	218,959	105,034	1,268,348	99.74
Depreciation	-	-	-	-	-	3,252	-	3,252	0.26
Total	\$ 103,272	\$ 390,175	\$ 363,289	\$ 87,619	\$ 944,355	\$ 222,211	\$ 105,034	\$ 1,271,600	100.00 %
Percent of Total	8.12 %	30.69 %	28.57 %	6.89 %	74.27 %	17.47 %	8.26 %	100.00 %	

See accompanying notes to financial statements.

Alzheimer's Disease International

Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
Cash flows from operating activities		
Changes in net assets:	\$ 42,986	\$ 169,598
Adjustments to reconcile increase in net assets to		
Net cash from operating activities:		
Depreciation	4,472	3,252
Gain on sale of property and equipment	-	(9)
Changes in operating assets and liabilities:		
Accounts receivable	(1,667)	(2,404)
Grants and contributions receivable	(106,914)	45,449
Prepaid expenses and other	129,166	(154,665)
Accounts payable and accrued liabilities	(27,253)	(98,255)
Deferred revenue	(355,836)	395,082
Total adjustments	(358,032)	188,450
Net cash from operating activities	(315,046)	358,048
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	410
Purchase of property and equipment	(5,426)	(5,847)
Net cash from investing activities	(5,426)	(5,437)
Cash flows from financing activities:		
Repayments on note payable	(733)	-
Change in cash	(321,205)	352,611
Cash at beginning of year	687,999	335,388
Cash at end of year	366,794	\$ 687,999
Supplementary disclosure of non-cash investing and financing activities:		
Property and equipment acquired through note payable	\$ 5,475	\$ -

See accompanying notes to financial statements.

Alzheimer's Disease International

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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 financial statements of ADI have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Basis of Presentation

ADI is required to report information regarding its financial position and activities according to two classes of net assets. A definition and description of each class follows:

Net Assets Without Donor Restriction - Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors. The governing board has designated, from net assets without donor restrictions, a board-designated reserve and a board-designated endowment fund.

Net Assets With Donor Restriction - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

All contributions are recorded as without donor restrictions unless specifically restricted by the donor. Grants and other contributions that are restricted by the donor are recorded as with donor restrictions. When a donor restriction is met either because the time restriction has expired or expenditures that satisfy the restriction are made, 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.

Alzheimer's Disease International

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Membership Dues

Membership dues are based on the size of the member organization. For 2019 minimum dues ranged from \$245 to \$12,175 for 2018 from \$235 to \$11,702 with the four largest 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. ADI computes the dues based upon the prior year dues plus the agreed upon increase (2% for 2019 and 2018).

Accounts Receivable

Accounts Receivable consists of advances and outstanding membership dues which are due within a year or less.

Property and Equipment

Property and equipment are carried at cost or at estimated value on date of donation. All purchases in excess of \$636 (£500 British Pounds) are capitalized while lesser amounts are charged to expense. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Gains and losses from the sale of property and equipment are included in income. Maintenance and repairs are charged to operations.

In-Kind Contributions

Donated services are recognized as contributions if the services either (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ADI. Donations of other items such as space, supplies, food and printing are recorded at their estimated fair value at the date of donation.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. The statement of functional expenses present the natural classification detail of expenses by function based on time and effort. The Organization charges direct program expenses directly to each program. The Organization uses an allocation which is based on a combination of salary, square footage and budget depending on the category of expenses allocated.

Income Taxes

ADI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. ADI continues to operate in compliance with its tax exempt purpose. Management does not believe that its financial statements include uncertain tax positions.

Alzheimer's Disease International

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

ADI files an U.S. federal informational return. The federal return of ADI for tax years 2017, 2018, and 2019 are subject to examinations by tax authorities, generally for three years after they were filed. ADI recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At June 30, 2019 and 2018 there was no interest or penalties relating to income taxes recognized in the statement of activities.

Change in Accounting Policy

In August 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ADI has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Revenue

For 2019 deferred revenue relates to payment for training and a few prepayments of membership dues. For 2018 deferred revenue relates to the conference to be held in the 2019 fiscal year.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 606, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. ADI is currently evaluating the impact of the provisions of ASC 606.

Alzheimer's Disease International

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. FASB ASC Topic 842, *Leases* ("ASC 842"), supersedes current lease requirements in FASB ASC Topic 840, *Leases*. When adopted, the amendments in the ASU must be applied using a modified retrospective approach, with certain practical expedients available. The new standard is effective for nonpublic companies for annual periods beginning after December 15, 2020. ADI is currently evaluating the impact of the provisions of ASC 842.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. ADI is still evaluating the impact of the provisions of ASU Topic 958.

Reclassification

Certain amounts as previously reported in the 2018 financial statements have been reclassified to conform to the 2019 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Alzheimer's Disease International

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>Years Ended June 30,</i>	2019	2018
Cash	\$ 366,794	\$ 687,999
Accounts receivable	4,768	3,101
Grants receivable	360,727	253,813
 Total financial assets	 732,289	 944,913
 Donor restricted assets	 (521,856)	 (518,908)
 Financial assets available to meet general expenditures within one year	 \$ 210,433	 \$ 426,005

The Board of Directors has determined that a reserve of approximately 3 to 6 months of core functions of ADI 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 \$489,500 per year resulting in a desired reserve of \$187,500 to \$375,000.

Note 3: Grants and Contributions Receivable

Grants and contributions receivable consist of amounts receivable from organizations and individuals which are due within a year or less. Grants and contributions receivable is stated at the amount due less an allowance for doubtful accounts.

The allowance for doubtful accounts is based on management's assessment of the ability to collect contributions and grants receivable based upon historical collection. As of June 30, 2019 and 2018, the allowance for doubtful accounts was \$10,000.

Note 4: Major Support

ADI received approximately 64% in 2019 and 66% in 2018 of its dues revenues from two member organizations. Major gifts totaling approximately \$222,692 were received from one source in 2019 .

Alzheimer's Disease International

Notes to Financial Statements

Note 5: In-Kind Contributions

A nominal amount in expenses for telephone and related costs of the Chair of ADI were contributed directly by the Chair in the years ended June 30, 2019 and 2018. 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 2019 ADI received pro bono work from a public relations company which has been recorded as in-kind contribution in the financial statements. In addition, in 2019 and 2018, ADI received a 50% discount from their mailing service which has been recorded as an in kind contribution in the financial statements.

Note 6: Programs

The major activities of ADI include a biennial 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. A conference was held in Chicago, Illinois in July 2018, so there was no conference in the year ending June 2018.

Note 7: Net Assets with Donor Restrictions

At June 30, 2019 and 2018, net assets with donor restriction net assets, which have either purpose or time restrictions, consisted of the following:

	2019	2018
Restricted grants for:		
Alzheimer University	\$ 92,470	\$ 30,994
Clinical trials	-	30,024
World Alzheimer's Month	3,750	15,000
Regional support	109,124	235,030
Global alliances and other	14,012	32,860
Website	65,000	-
Future periods	237,500	175,000
Total	\$ 521,856	\$ 518,908

Note 8: Commitment for Conference and Coordinator

ADI has entered into contracts for the planning, administration and organization for the Annual Conference in Singapore in March 2020. There are contracts for the venue and accommodation for the Singapore Conference with minimum revenue guarantees of approximately \$103,000.

Alzheimer's Disease International

Notes to Financial Statements

Note 9: Lease Commitments

ADI entered into an office space lease dated February 9, 2015 and ending January 30, 2020. Minimum annual rentals were approximately \$29,097 for the first year, \$30,670 for the second year, \$32,242 for the third year, and \$33,029 for the last two years. The monthly rent includes a service charge for cleaning, maintenance and utilities. Occupancy expense for the years ended June 30, 2019 and 2018 including cleaning, maintenance, and utilities was \$50,173 and \$49,828, respectively.

The minimum future lease payments are as follows:

<i>Year Ended June 30,</i>	<i>Amount</i>
2020	\$ 19,267

Note 10: Concentration of Cash

ADI maintains its cash in several separate accounts at two different financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each US financial institution and by the Financial Services Compensation Scheme (FSCS) up to £85,000 at each UK financial institution. At certain times during the year, cash balances may be in excess of FDIC and/or FSCS coverage. The ADI has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Note 11: Subsequent Event

In December 2019, ADI signed a new lease agreement in a new building located in London, United Kingdom commencing December 2019. The lease has a five year term, and rental costs of approximately \$4,200 per month plus monthly service charge and VAT.

Management has evaluated subsequent events through February 20, 2020, the date the financial statements were available to be issued.