

ALZHEIMER'S DISEASE INTERNATIONAL

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

DECEMBER 31, 2007 and 2006

ALZHEIMER'S DISEASE INTERNATIONAL

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RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

Alzheimer's Disease International
Board of Directors

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Alzheimer's Disease International as of December 31, 2007 and 2006 and the related statements of activities and changes in net assets, statements of functional expenses and statements of cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 as of December 31, 2007 and 2006 the results of its activities and changes in net assets, functional expenses and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ruzicka & Associates, Ltd.

June 9, 2008

ALZHEIMER'S DISEASE INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2007 AND 2006

ASSETS

	2007		2006	
	Unrestricted Funds	Temporarily Restricted Funds	Unrestricted Funds	Temporarily Restricted Funds
Cash and cash equivalents	\$ 191,852	191,852	\$ 107,007	107,007
Dues receivable	629	629	629	629
Due from conference	0	0	55,380	55,380
Grants receivable	3,982	257,057	105,365	35,000
Due from Friends of ADI	299,577	3,982	601,810	105,365
Investments	40,427	299,577	13,413	601,810
Prepaid expenses & other		40,427		13,413
Fixed assets, net of accumulated depreciation of \$34,572 in 2007 and \$22,278 in 2006	8,668	8,668	18,213	18,213
Interfund balance	(31,111)	31,111	0	0
Total assets	\$ 514,024	288,168	\$ 901,817	35,000

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable	\$ 123,267	123,267	\$ 56,355	56,355
Total liabilities	123,267	0	56,355	0
Net assets				
Unrestricted	390,757	390,757	845,462	845,462
Temporarily restricted		288,168		35,000
Total net assets	390,757	288,168	845,462	35,000
Total liabilities and net assets	\$ 514,024	288,168	\$ 901,817	35,000

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	Administration	General	Fund Raising	Total	Total			
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					
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
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2006
(With comparative totals for 2005)

	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 2005	
Salaries and related expenses	\$ 68,233	50,795	64,088	60,845	4,423	81,983	28,727	359,094	43.14%	\$ 326,104	45.61%
Grants to members	15,918		31,201	11,221	2,661	2,074		63,075	7.58%	83,394	11.66%
Occupancy including	10,828	8,061	10,170	9,655	702	13,010	4,559	56,984	6.85%	66,671	9.33%
Printing	927	21,959	1,976	13,512	-	1,600	-	39,974	4.80%	28,520	3.99%
Postage and delivery	1,522	10,978	877	4,225	200	1,137	576	19,515	2.34%	18,962	2.65%
Office expense and miscellaneous	3,361	2,127	3,517	5,607	212	7,953	2,942	25,718	3.09%	25,507	3.57%
Telephone and internet	763	763	763	1,613	763	1,742	763	7,170	0.86%	7,348	1.03%
Professional fees	-	-	1,511	17,195	-	13,422	31,500	63,628	7.64%	76,000	10.63%
Conferences and meetings, including travel and accommodations	20,013		70,746	36,592	1,375	43,369	5,691	177,786	21.36%	75,080	10.50%
Total expenses before depreciation	121,565	94,683	184,849	160,465	10,335	166,290	74,758	812,944	97.67%	707,586	98.97%
Depreciation	3,691	2,747	3,466	3,291	239	4,434	1,554	19,423	2.33%	7,365	1.03%
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%			
Total 2005	\$ 129,823	96,817	131,250	95,731	36,081	136,779	88,471			\$ 714,951	100.00%
Percent of Total	18.16%	13.54%	18.36%	13.39%	5.05%	19.13%	12.37%			100.00%	

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

ALZHEIMER'S DISEASE INTERNATIONAL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007		2006	
	Unrestricted Funds	Temporarily Restricted Funds	Unrestricted Funds	Temporarily Restricted Funds
				Total
Cash flows from operating activities:				
Change in net assets	\$ (454,705)	253,168	\$ (229,911)	(202,106)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	12,295	12,295	19,423	19,423
Realize gain on investments	(7,084)	(7,084)		
Unrealized loss (gain) on investments	3,287	3,287	3,073	3,073
Change in interfund balance	31,111	(31,111)	(7,195)	7,195
Decrease (increase) in dues receivable	-	-	-	-
Decrease (increase) in due from conference	55,380	55,380	(19,820)	(19,820)
Decrease (increase) in grant receivable	-	(222,057)	226	(35,000)
Decrease (increase) in due from Friends of ADI	101,383	101,383	(24,959)	(24,959)
Decrease (increase) in prepaid expenses	(27,014)	(27,014)	38,689	38,689
Increase (decrease) in accounts payable	66,912	66,912	(31,223)	(31,223)
Net cash flow from operations	(218,435)	(218,435)	(251,697)	(251,697)
Investing activities				
Purchase of fixed assets		-		-
Purchase of investments	(98,988)	(98,988)		
Proceeds from sales of investments	402,268	402,268	267,535	267,535
Increase in cash	84,845	84,845	15,838	15,838
Cash and cash equivalents				
Beginning of year	107,007	107,007	91,169	91,169
End of year	\$ 191,852	191,852	107,007	107,007

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

ALZHEIMER'S DISEASE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 and 2006

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 are generally \$1,000, \$500 or \$100 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 2006) of its dues revenues from two member organizations. Two major contributions were received in 2007 and no major contributions were received in 2006.

4. In kind contributions:

In 2007 ADI received \$25,000 (\$29,856 in 2006) 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 2007 and 2006. 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 a member country with the approval of a conference proposal by the ADI board. The 2007 conference was held in Caracas, Venezuela and in 2006 it was held in Berlin. The conference expenses are primarily for travel assistance for people to attend the conference and registration and accommodation for the staff and Chairman to attend the conference. ADI receives a share of the conference revenues, which amounted to approximately \$14,000 in 2007 and \$55,380 in 2006.

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 \$5,200 in 2007 (\$14,000 in 2006). Friends owed ADI \$3,982 at December 31, 2007 and \$105,365 at December 31, 2006.

7. Reclassifications:

Certain amounts in the 2006 financial statements have been reclassified to agree to the 2007 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 December 31, 2007:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (loss)</u>	<u>Investment Income</u>
Money Market and Cash equivalents	\$ 53,781	53,781	0	2,534
Mutual funds	213,263	218,075	4,812	10,777
	<u>\$ 267,044</u>	<u>271,856</u>	<u>4,812</u>	<u>13,311</u>

Investments are composed of the following at December 31, 2006:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (loss)</u>	<u>Investment Income</u>
Money Market and Cash equivalents	\$ 206,708	206,708	0	11,145
Mutual funds	<u>387,140</u>	<u>395,102</u>	<u>7,962</u>	<u>3,709</u>
	<u>\$ 593,848</u>	<u>601,810</u>	<u>7,962</u>	<u>14,854</u>

10. Temporarily restricted net assets:

The temporarily restricted net assets are:

	<u>2007</u>	<u>2006</u>
Restricted grants for		
- Alzheimer University	\$ 59,591	\$ 35,000
- Conference	3,486	
- Research	67,897	
- Other Programs	<u>157,193</u>	<u>-</u>
	<u>\$ 288,167</u>	<u>\$ 35,000</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 2011 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.