

**ALZHEIMER'S DISEASE INTERNATIONAL**

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

**YEAR ENDED JUNE 30, 2010  
AND  
EIGHTEEN MONTHS ENDED JUNE 30, 2009**

**ALZHEIMER'S DISEASE INTERNATIONAL**

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AND  
EIGHTEEN MONTHS ENDED 2009**

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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, 2010 and 2009 and the related statements of activities and changes in net assets, and statements of cash flows for the year ended June 30, 2010 and the eighteen months ended June 30, 2009. 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, 2010 and 2009, and the results of its operations and changes in net assets and cash flows for the year ended June 30, 2010 and the eighteen months ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America.



February 25, 2011

ALZHEIMER'S DISEASE INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

ASSETS

	2010			2009		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash and cash equivalents	\$ 220,488		220,488	\$ 586,551		586,551
Accounts receivable	73,868		73,868	37,201		37,201
Due from conference	123,223		123,223	173,724		173,724
Grants & contributions receivable		150,175	150,175		285,734	285,734
Due from Friends of ADI	18,190		18,190	6,587		6,587
Investments	186,606		186,606	177,442		177,442
Prepaid expenses & other	119,640		119,640	147,458		147,458
Fixed assets, net of accumulated depreciation of \$43,918 in 2010 and \$42,327 in 2009	347		347	1,938		1,938
Interfund balance	(68,761)	68,761	0	8,493	(8,493)	0
Total assets	\$ 673,601	218,936	892,537	\$ 1,139,394	277,241	1,416,635

LIABILITIES AND NET ASSETS

Liabilities						
Accounts payable	\$ 300,576		300,576	\$ 784,370		784,370
Total liabilities	300,576	0	300,576	784,370	0	784,370
Net assets						
Unrestricted	373,025		373,025	355,024		355,024
Temporarily restricted		218,936	218,936		277,241	277,241
Total net assets	373,025	218,936	591,961	355,024	277,241	632,265
Total liabilities and net assets	\$ 673,601	218,936	892,537	\$ 1,139,394	277,241	1,416,635

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

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

**FOR THE YEAR ENDED JUNE 30, 2010 AND THE EIGHTEEN MONTHS ENDED JUNE 30, 2009**

	2010			2009			Percent of Support & Revenue
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total	
<b>Support and revenue</b>							
Dues	\$ 339,584		339,584	\$ 351,423		351,423	16.62%
Contributions and grants	61,013	466,029	527,042	435,922	873,622	1,309,544	61.92%
Conference revenue	685,048		685,048	565,276		565,276	26.73%
Interest and other	6,255		6,255	10,293		10,293	0.49%
Realized gain on investments	0		0	896		896	0.04%
Unrealized gain (loss) on investments	20,329		20,329	(17,215)		(17,215)	-0.81%
Gain (loss) on currency exchange transactions				(107,715)		(107,715)	-4.97%
Net assets released from restriction:							
Satisfaction of program restrictions	524,334	(524,334)	0	887,064	(887,064)	0	
<b>Total support and revenue</b>	<b>1,560,158</b>	<b>(58,305)</b>	<b>1,501,853</b>	<b>2,125,944</b>	<b>(10,927)</b>	<b>2,115,017</b>	<b>100.00%</b>
<b>Expenses</b>							
<b>Program services</b>							
Conference	721,879		721,879	672,589		672,589	31.80%
Information	71,012		71,012	106,686		106,686	5.04%
Member support and development	203,840		203,840	294,854		294,854	13.94%
Promotion	235,182		235,182	216,066		216,066	10.22%
Research	46,744		46,744	447,496		447,496	21.16%
<b>Total program services</b>	<b>1,278,657</b>	<b>0</b>	<b>1,278,657</b>	<b>1,737,691</b>	<b>0</b>	<b>1,737,691</b>	<b>82.16%</b>
<b>Support services</b>							
General administration	205,919		205,919	346,856		346,856	16.40%
Fund raising	57,581		57,581	77,131		77,131	3.65%
<b>Total support services</b>	<b>263,500</b>	<b>0</b>	<b>263,500</b>	<b>423,986</b>	<b>0</b>	<b>423,986</b>	<b>20.05%</b>
<b>Total expenses</b>	<b>1,542,157</b>	<b>0</b>	<b>1,542,157</b>	<b>2,161,677</b>	<b>0</b>	<b>2,161,677</b>	<b>102.21%</b>
<b>Increase (decrease) in net assets</b>	<b>18,001</b>	<b>(58,305)</b>	<b>(40,304)</b>	<b>(35,733)</b>	<b>(10,927)</b>	<b>(46,660)</b>	<b>-2.21%</b>
<b>Net assets</b>							
Beginning of year	355,024	277,241	632,265	390,757	288,168	678,925	
End of year	\$ 373,025	218,936	591,961	\$ 355,024	277,241	632,265	

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

ALZHEIMER'S DISEASE INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2009

	2009										Percent of Total
	Program Services				Support Services			Total	Percent of Total		
	Conference	Information	Member Support and Development	Promotion and Awareness	Research	General Administration	Fund Raising			Total	
Salaries and related expenses	\$ 67,298	\$ 58,556	74,577	82,598	10,704	248,849	60,838	603,421	27.91%		
Grants to members	13,579	-	167,820	50,538	427,033	6,218	-	665,188	30.77%		
Occupancy	9,179	7,986	10,172	11,266	1,460	33,941	8,298	82,301	3.81%		
Printing	5,936	22,449	1,190	26,194	350	4,167	1,479	61,767	2.86%		
Postage and delivery	5,233	16,027	1,172	7,623	-	1,056	73	31,184	1.44%		
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	0.77%		
Professional fees	412,496	-	-	805	6,968	14,275	-	434,544	20.10%		
Fund raising event	-	-	-	-	-	-	-	-	-		
Conferences and meetings, including travel and accommodations	154,375	-	37,040	33,358	-	9,759	3,893	238,425	11.03%		
Total expenses before depreciation	671,724	105,934	293,895	215,005	447,359	343,657	76,349	2,153,922	99.64%		
Depreciation	865	753	958	1,062	138	3,198	782	7,755	0.36%		
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%			

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

ALZHEIMER'S DISEASE INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010

	2010						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	\$ 59,916	49,462	42,758	67,463	8,673	113,591	45,199	387,061	25.10%
Grants to members	20,378	-	76,116	31,750	24,617	-	-	152,861	9.91%
Occupancy	6,860	5,663	4,896	7,724	993	13,006	5,175	44,318	2.87%
Printing	32,596	12,512	1,168	23,270	1,221	3,803	-	74,570	4.84%
Postage and delivery	4,142	2,750	4,414	6,956	-	1,654	-	19,916	1.29%
Office expense and miscellaneous	6,478	120	1,907	4,500	84	10,141	5,577	28,807	0.00%
Telephone and internet	569	302	385	611	302	8,286	350	10,805	1.87%
Professional fees	190,026	-	5,702	15,927	9,306	25,452	-	246,413	0.70%
Conferences and meetings, including travel and accommodations	400,668	-	66,318	76,704	1,512	29,519	1,094	575,815	15.98%
Total expenses before depreciation	721,633	70,809	203,664	234,905	46,708	205,452	57,395	1,540,566	99.90%
Depreciation	246	203	176	277	36	467	186	1,591	0.10%
Total 2010	\$ 721,879	\$ 71,012	203,840	235,182	46,744	205,919	57,581	1,542,157	100.00%
Percent of Total	46.81%	4.60%	13.22%	15.25%	3.03%	13.35%	3.73%	100.00%	

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

ALZHEIMER'S DISEASE INTERNATIONAL

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010 AND THE EIGHTEEN MONTHS ENDED JUNE 30, 2009

	2010		2009	
	Unrestricted Funds	Temporarily Restricted Funds Total	Unrestricted Funds	Temporarily Restricted Funds Total
Cash flows from operating activities:				
Change in net assets	\$ 18,001	(40,304)	\$ (35,733)	(10,927)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	1,591	1,591	7,755	7,755
Realized gain on investments	-	-	(896)	(896)
Unrealized loss (gain) on investments	(20,329)	(20,329)	17,215	17,215
Change in interfund balance	77,254	(77,254)	(39,604)	39,604
Decrease (increase) in accounts receivable	(36,667)	(36,667)	(36,572)	(36,572)
Decrease (increase) in due from conference	50,501	50,501	(173,724)	(173,724)
Decrease (increase) in grant receivable	-	135,559	-	(28,677)
Decrease (increase) in due from Friends of ADI	(11,603)	(11,603)	(2,605)	(2,605)
Decrease (increase) in prepaid expenses	27,818	27,818	(107,031)	(107,031)
Increase (decrease) in accounts payable	(483,794)	(483,794)	661,103	661,103
Net cash flow from operations	(377,228)	(377,228)	289,908	289,908
Investing activities				
Purchase of fixed assets	(30,426)	(30,426)	(1,024)	(1,024)
Purchase of investments	41,591	41,591	(33,639)	(33,639)
Proceeds from sales of investments			139,454	139,454
Increase in cash	(366,063)	(366,063)	394,699	394,699
Cash and cash equivalents				
Beginning of year	586,551	586,551	191,852	191,852
End of year	\$ 220,488	220,488	\$ 586,551	586,551

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



# ALZHEIMER'S DISEASE INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

### 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.

Dues are computed as a percentage of members' unrestricted revenues. For 2010, minimum dues ranged from \$10,600 to \$212 depending on the size of the member organization with larger members paying a percentage of unrestricted revenues. For 2009 minimum dues were generally \$1,060, \$530 or \$106 depending on the income of the country. Dues are payable July 31 for the fiscal 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**

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.

## **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 receives approximately 68% (67% in 2009) of its dues revenues from two member organizations. Major gifts totaling approximately \$500,000 were received from three sources in 2010 with no major contributions being received in the year ended June 30, 2009.

## **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 year ended June 30, 2010 and 2009. 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. The 2010 conference was held in Greece and the 2009 conference was held in Singapore.

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

	<u>2010</u>	<u>2009</u>
Support and revenue		
- Registrations	\$ 300,672	\$ 391,550
- 2010 Sponsors of 2009 conference	59,786	
- Sponsors and contributions	<u>324,590</u>	<u>173,726</u>
Total support and revenue	685,048	565,276
Expenses		
- Grants	20,378	13,579
- Venue costs	347,362	
- Professional conference administration	190,025	412,496
- Other conference costs	<u>99,074</u>	<u>169,171</u>
Total expenses	<u>656,839</u>	<u>595,246</u>
Net conference contribution	<u>\$ 28,209</u>	<u>(\$ 29,970)</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 raised approximately \$18,000 in the year ended June 30, 2010 (\$8,000 in year ended 2009). Friends owed ADI \$18,190 at June 30, 2010 and \$6,587 at 2009.

**7. Reclassifications:**

Certain amounts in the 2009 financial statements have been reclassified to agree to the 2010 presentation.

**8. 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, 2010 is \$18,375. The lease is comparable to the current lease that expired in 2010. Rent expense for 2010 was \$31,505 and \$27,467 in 2009.

**9. Investments and Fair Value Measurement:**

Investments are composed of the following at June 30, 2010:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (loss)</u>	<u>Investment Income</u>
Money Market and Cash equivalents	\$ 8,349	8,349	0	2
Mutual funds	<u>168,324</u>	<u>178,257</u>	<u>9,933</u>	<u>5,806</u>
	<u>\$ 176,673</u>	<u>186,606</u>	<u>9,933</u>	<u>5,808</u>

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>177,442</u>	<u>(12,221)</u>	<u>10,293</u>

Fair value is the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Fair value measurements are categorized into one of three levels based on the lowest level of significant input used: Level 1 (unadjusted quoted prices in active markets); Level 2 (observable market inputs available at the measurement date, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data). All of ADI's investments are considered Level 1 investments which are adjusted based on quoted prices in active markets for identical assets or liabilities.

These investments were liquidated in September with a realized gain of approximately \$9,000 and the proceeds were transferred to ADI's main checking account.

**10. Temporarily restricted net assets:**

The temporarily restricted net assets are:

	<u>2010</u>	<u>2009</u>
Restricted grants for		
- Alzheimer University	\$ 60,000	\$ 89,029
- Conference		
- World Alzheimer's Day	90,579	44,653
- World Alzheimer Report		14,609
- WHO Advocacy		37,500
- Research	28,357	80,640
- Grants for next year	37,500	
- Other Programs	<u>2,500</u>	<u>10,810</u>
	<u>\$ 218,936</u>	<u>\$ 277,241</u>

**11. 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 December 31, 2007.

**12. Commitment for Conference and 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 \$65,700 in 2009, \$85,300 in 2010, \$83,900 in 2011 and \$54,500 in 2012.

In addition, ADI has entered into venue commitments for 2011 conference in Toronto for approximately \$200,000 and for the 2012 conference in London for a minimum fee of approximately \$187,000.

**13. Subsequent Events:**

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 February 25, 2011, the date the financial statements were available to be issued.