

ALZHEIMER'S DISEASE INTERNATIONAL
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2011 AND 2010

ALZHEIMER'S DISEASE INTERNATIONAL

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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, 2011 and 2010 and the related statements of activities and changes in net assets, and statements of cash flows for the year ended June 30, 2011 and 2010. 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, 2011 and 2010, and the results of its operations and changes in net assets and cash flows for the year ended June 30, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

March 23, 2012

Ruzicka & Associates, Ltd.

ALZHEIMER'S DISEASE INTERNATIONAL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

ASSETS

	2011			2010		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash and cash equivalents	\$ 858,070		858,070	\$ 220,488		220,488
Accounts receivable	7,674		7,674	73,868		73,868
Due from conference	218,008		218,008	123,223		123,223
Grants & contributions receivable		163,120	163,120		150,175	150,175
Due from Friends of ADI	0		0	18,190		18,190
Investments	0		0	186,606		186,606
Prepaid expenses & other	107,761		107,761	119,640		119,640
Fixed assets, net of accumulated depreciation of \$44,971 in 2011 and \$43,918 in 2010	3,575		3,575	347		347
Interfund balance	(373,942)	373,942	0	(68,761)	68,761	0
Total assets	\$ 821,146	537,062	1,358,208	\$ 673,601	218,936	892,537

LIABILITIES AND NET ASSETS

Liabilities						
Accounts payable	\$ 392,328		392,328	\$ 300,576		300,576
Total liabilities	392,328	0	392,328	300,576	0	300,576
Net assets						
Unrestricted	428,818		428,818	373,025		373,025
Temporarily restricted		537,062	537,062		218,936	218,936
Total net assets	428,818	537,062	965,880	373,025	218,936	591,961
Total liabilities and net assets	\$ 821,146	537,062	1,358,208	\$ 673,601	218,936	892,537

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, 2011 AND 2010

	2011			Percent of Support & Revenue	2010			Percent of Support & Revenue
	Unrestricted Funds	Temporarily Restricted Funds	Total		Unrestricted Funds	Temporarily Restricted Funds	Total	
Support and revenue								
Dues	\$ 354,728		354,728	13.90%	\$ 339,584		339,584	22.61%
Contributions and grants	215,699	813,261	1,028,960	40.31%	61,013	466,029	527,042	35.09%
Conference revenue	1,097,978		1,097,978	43.02%	685,048		685,048	45.61%
Interest and other	2,031		2,031	0.08%	6,255		6,255	0.42%
Realized gain on investments	11,924		11,924	0.47%	0		0	0.00%
Unrealized gain (loss) on investments	(10,203)		(10,203)	-0.40%	20,329		20,329	1.35%
Gain (loss) on currency exchange transactions	66,958		66,958	2.62%	(76,405)		(76,405)	-5.09%
Net assets released from restriction: Satisfaction of program restrictions	495,135	(495,135)	0		524,334	(524,334)	0	
Total support and revenue	2,234,250	318,126	2,552,376	100.00%	1,560,158	(58,305)	1,501,853	100.00%
Expenses								
Program services								
Conference	1,207,745		1,207,745	47.32%	721,879		721,879	48.07%
Information	82,388		82,388	3.23%	71,012		71,012	4.73%
Member support and development	255,761		255,761	10.02%	203,840		203,840	13.57%
Promotion	314,155		314,155	12.31%	235,182		235,182	15.66%
Research	78,649		78,649	3.08%	46,744		46,744	3.11%
Total program services	1,938,697	0	1,938,697	75.96%	1,278,657	0	1,278,657	85.14%
Support services								
General administration	154,602		154,602	6.06%	205,919		205,919	13.71%
Fund raising	85,158		85,158	3.34%	57,581		57,581	3.83%
Total support services	239,760	0	239,760	9.39%	263,500	0	263,500	17.54%
Total expenses	2,178,457	0	2,178,457	85.35%	1,542,157	0	1,542,157	102.68%
Increase (decrease) in net assets	55,793	318,126	373,919	14.65%	18,001	(58,305)	(40,304)	-2.68%
Net assets								
Beginning of year	373,025	218,936	591,961		355,024	277,241	632,265	
End of year	\$ 428,818	537,062	965,880		\$ 373,025	218,936	591,961	

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

ALZHEIMER'S DISEASE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	2011							Total	Percent of Total
	Program Services				Support Services				
	Conference	Information	Member Support and Development	Promotion and Awareness	Research	General Administration	Fund Raising		
Salaries and related expenses	\$ 62,322	34,248	64,898	67,563	11,899	60,661	38,424	340,015	15.61%
Grants to members	15,428	3,000	120,429	49,760	62,552	-	-	251,169	11.53%
Occupancy	8,295	4,397	8,355	9,315	1,666	8,260	5,541	45,829	2.10%
Printing	46,782	14,246	2,716	69,427	-	3,688	1,388	138,247	6.35%
Postage and delivery	2,547	1,228	2,335	10,436	-	1,651	-	18,197	0.84%
Insurance	2,655	-	-	-	-	1,621	-	4,276	0.20%
Office expense and miscellaneous	51,401	616	1,659	3,586	-	8,360	-	65,622	3.01%
Telephone and internet	2,091	547	1,728	2,448	764	4,884	1,269	13,731	0.63%
Professional fees	323,756	20,878	6,764	41,857	-	23,597	26,435	443,287	20.35%
Bad debt	-	-	-	-	-	30,000	-	30,000	1.38%
Conferences and meetings, including travel and accommodations	692,277	3,127	46,685	59,549	1,730	11,690	11,974	827,032	37.96%
Total expenses before depreciation	1,207,554	82,287	255,569	313,941	78,611	154,412	85,031	2,177,404	99.95%
Depreciation	191	101	192	214	38	190	127	1,053	0.05%
Total 2011	\$ 1,207,745	\$ 82,388	255,761	314,155	78,649	154,602	85,158	2,178,457	100.00%
Percent of Total	55.44%	3.78%	11.74%	14.42%	3.61%	7.10%	3.91%	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							Total	Percent of Total
	Program Services				Support Services				
	Conference	Information	Member Support and Development	Promotion and Awareness	Research	General Administration	Fund Raising		
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	1.87%
Telephone and internet	569	302	385	611	302	8,286	350	10,805	0.70%
Professional fees	190,026	-	5,702	15,927	9,306	25,452	-	246,413	15.98%
Conferences and meetings, including travel and accommodations	400,668	-	66,318	76,704	1,512	29,519	1,094	575,815	37.34%
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, 2011 AND 2010

	2011			2010		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash flows from operating activities:						
Change in net assets	\$ 55,793	318,126	373,919	\$ 18,001	(58,305)	(40,304)
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation	1,053		1,053	1,591		1,591
Realized gain on investments	(11,924)		(11,924)	-		-
Unrealized loss (gain) on investments	10,203		10,203	(20,329)		(20,329)
Change in interfund balance	305,181	(305,181)		77,254	58,305	
Decrease (increase) in accounts receivable	66,194		66,194	(36,667)		(36,667)
Decrease (increase) in due from conference	(94,785)		(94,785)	50,501		50,501
Decrease (increase) in grant receivable	-	(12,945)	(12,945)	-		-
Decrease (increase) in due from Friends of ADI	18,190		18,190	(11,603)		(11,603)
Decrease (increase) in prepaid expenses	11,879		11,879	27,818		27,818
Increase (decrease) in accounts payable	91,752		91,752	(483,794)		(483,794)
Net cash flow from operations	453,535	-	453,535	(377,228)	-	(512,787)
Investing activities						
Purchase of fixed assets	(4,281)		(4,281)			-
Purchase of investments				(30,426)		(30,426)
Proceeds from sales of investments	188,327		188,327	41,591		41,591
Increase in cash	637,581		637,581	(366,063)		(501,622)
Cash and cash equivalents						
Beginning of year	220,488		220,488	586,551		586,551
End of year	\$ 858,069		858,069	\$ 220,488		84,929

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

ALZHEIMER'S DISEASE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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 2011 and 2010 minimum dues ranged from \$10,600 to \$212 with the four larger members paying significantly more based on a historic percentage of their revenues. Dues are payable July 31 for the fiscal year end 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.

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 67% in 2011 and in 2010 of its dues revenues from two member organizations. Major gifts totaling approximately \$925,000 was received from four sources in 2011 and \$500,000 was received from three sources in 2010.

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, 2011 and 2010. 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 2011 conference was held in Canada and the 2010 conference was held in Greece.

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

	<u>2011</u>	<u>2010</u>
Support and revenue		
- Registrations, accommodations & tours	\$ 563,507	\$ 300,672
- 2010 Sponsors of 2009 conference		59,786
- Sponsors and contributions	<u>534,470</u>	<u>324,590</u>
Total support and revenue	1,097,977	685,048
Expenses		
- Grants	15,428	20,378
- Venue costs	674,807	347,362
- Professional conference administration	323,756	190,025
- Conference host 2010	38,843	
- Other conference costs	<u>76,228</u>	<u>99,074</u>
Total expenses	<u>1,129,062</u>	<u>656,839</u>
Net conference contribution (loss)	<u>\$ (31,065)</u>	<u>\$ 28,209</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 \$5,500 in the year ended June 30, 2011 (\$18,000 in year ended 2010). Friends owed ADI \$0 at June 30, 2011 and \$18,190 at 2010.

7. Reclassifications:

Certain amounts in the 2010 financial statements have been reclassified to agree to the 2011 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, 2011 is \$18,375. The lease is comparable to the current lease that expired in 2010. Rent expense for 2011 was \$31,747 and \$31,505 in 2010.

9. Investments and Fair Value Measurement:

There were no investments at June 30, 2011.

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

	Cost	Market	Unrealized Gain (loss)	Investment Income
Money Market and Cash equivalents	\$ 8,349	8,349	0	2
Mutual funds	168,324	178,257	9,933	5,806
	<u>\$ 176,673</u>	<u>186,606</u>	<u>9,933</u>	<u>5,808</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>2011</u>	<u>2010</u>
Restricted grants for		
- Alzheimer University	\$ 25,000	\$ 60,000
- Member support	101,190	
- World Alzheimer's Day	104,979	90,579
- World Alzheimer Report	158,536	
- Research	28,357	28,357
- Grants for next year	50,000	37,500
- Other Programs	<u>69,000</u>	<u>2,500</u>
	<u>\$ 537,062</u>	<u>\$ 218,936</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, 2008.

12. Commitment for Conference and Coordinator:

ADI has entered into a contract for the planning, administration and organization of the Annual Congresses for 2010, 2011 and 2012. 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 \$85,300 in 2010, \$83,900 in 2011 and \$54,500 in 2012.

In addition, ADI has entered into venue commitments for 2012 conference in London for approximately \$200,000.

Subsequent to June 30, ADI extended their contract with the conference organizer through 2017. Minimum annual fees are \$64,500 for 2013, \$67,700 for 2014 through 2017. These fees are subject to increases based on the Retail Price Index up to a maximum of 5% in years 2015, 2016 and 2017 with the maximum minimum fees being \$71,000 in 2015, \$74,600 in 2016 and \$78,300 in 2017. The new contract includes a cancellation clause that either party can cancel the contract without cause or penalty by giving 6 months written notice.

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.