

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2018 and 2017

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

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Independent Auditors' Report

Board of Directors
Alzheimer's Disease Resource Center, Inc.

We have audited the accompanying financial statements of Alzheimer's Disease Resource Center, Inc., which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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.

Auditors' 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 audit 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 auditors' 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 auditors consider 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 Resource Center, Inc. as of June 30, 2018 and 2017, 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.

Katz, Sapper & Miller, LLP

New York, New York
July 3, 2019

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS		2018	2017
CURRENT ASSETS			
Cash		\$ 460	\$ 125,683
Promises to give and grants receivable, net		1,349,278	417,611
Prepaid expenses and other assets		10,221	25,469
Total Current Assets		<u>1,359,959</u>	<u>568,763</u>
PROPERTY AND EQUIPMENT, net		<u>1,062,181</u>	<u>1,101,320</u>
OTHER ASSETS			
Intangible assets, net		1,366	1,502
Security deposits		6,020	6,020
Total Other Assets		<u>7,386</u>	<u>7,522</u>
TOTAL ASSETS		<u><u>\$ 2,429,526</u></u>	<u><u>\$ 1,677,605</u></u>
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 129,970	\$ 266,616
Deferred revenue		376	42,955
Current maturities of long-term debt		15,360	11,065
Total Current Liabilities		<u>145,706</u>	<u>320,636</u>
LONG-TERM LIABILITIES			
Long-term debt, less current maturities		<u>219,843</u>	<u>234,780</u>
Total Liabilities		<u>365,549</u>	<u>555,416</u>
NET ASSETS			
Unrestricted		1,620,510	784,989
Temporarily restricted		443,467	337,200
Total Net Assets		<u>2,063,977</u>	<u>1,122,189</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 2,429,526</u></u>	<u><u>\$ 1,677,605</u></u>

See accompanying notes.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

**STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017**

	2018		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants		\$ 225,000	\$ 225,000
Fundraising events	\$ 297,072		297,072
Less: Direct fundraising expenses	(130,463)		(130,463)
Contributions	1,068,158	51,051	1,119,209
Education conference	73,265		73,265
Art education event	5,353		5,353
In-kind contributions	419		419
Realized and unrealized gain on investments	109		109
	1,313,913	276,051	1,589,964
Net assets released from restrictions	169,784	(169,784)	
Total Revenue and Support	1,483,697	106,267	1,589,964
EXPENSES			
Program services	479,653		479,653
Management and general	129,598		129,598
Fundraising	38,925		38,925
Total Expenses	648,176		648,176
INCREASE (DECREASE) IN NET ASSETS	835,521	106,267	941,788
NET ASSETS			
Beginning of Year	784,989	337,200	1,122,189
End of Year	\$ 1,620,510	\$ 443,467	\$ 2,063,977

See accompanying notes.

2017

Unrestricted	Temporarily Restricted	Total
	\$ 387,200	\$ 387,200
\$ 348,031		348,031
(95,929)		(95,929)
141,714	2,500	144,214
50,892		50,892
26,797		26,797
9,615		9,615
125		125
<u>481,245</u>	<u>389,700</u>	<u>870,945</u>
<u>172,500</u>	<u>(172,500)</u>	<u> </u>
<u>653,745</u>	<u>217,200</u>	<u>870,945</u>
561,709		561,709
143,258		143,258
61,668		61,668
<u>766,635</u>		<u>766,635</u>
(112,890)	217,200	104,310
<u>897,879</u>	<u>120,000</u>	<u>1,017,879</u>
<u>\$ 784,989</u>	<u>\$ 337,200</u>	<u>\$ 1,122,189</u>

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2018 and 2017

	2018			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 203,241	\$ 32,999	\$ 13,200	\$ 249,440
Payroll taxes	9,459	1,536	614	11,609
Employee benefits	20,516	3,331	1,332	25,179
Total Salaries and Related Expenses	<u>233,216</u>	<u>37,866</u>	<u>15,146</u>	<u>286,228</u>
Contract labor	10,947			10,947
Professional fees		36,672		36,672
Rent	16,558			16,558
Travel	11,183	221	221	11,625
Telephone	10,945	1,777	711	13,433
Supplies	3,798	1,266	1,266	6,330
Education and training	5,785			5,785
Event expenses	44,397			44,397
Insurance	15,326	3,832		19,158
Interest	10,088	2,522		12,610
Repairs and maintenance	14,966	3,742		18,708
Marketing	6,657		6,657	13,314
Information technology	7,260	1,179	471	8,910
Dues and subscriptions	1,686	649	260	2,595
Postage	3,870	860	3,870	8,600
Bad debt expense		26,718		26,718
Advocacy	24,000			24,000
Food	5,242	644		5,886
Utilities	9,539	2,385		11,924
Bank and credit card processing fees	1,290	1,290	10,323	12,903
Research grant	11,000			11,000
Depreciation and amortization	31,900	7,975		39,875
TOTAL EXPENSES	<u><u>\$ 479,653</u></u>	<u><u>\$ 129,598</u></u>	<u><u>\$ 38,925</u></u>	<u><u>\$ 648,176</u></u>

See accompanying notes.

2017

Program Services	Management and General	Fundraising	Total
\$ 225,828	\$ 12,546	\$ 12,546	\$ 250,920
20,956	1,164	1,164	23,284
13,732	763	763	15,258
<u>260,516</u>	<u>14,473</u>	<u>14,473</u>	<u>289,462</u>
6,419	185	184	6,788
24,993	40,746		65,739
13,738	763	763	15,264
6,413	356	357	7,126
13,115	729	729	14,573
18,904	1,050	1,051	21,005
3,938	219	219	4,376
41,323			41,323
17,162	953	953	19,068
13,988	777	777	15,542
	19,596		19,596
22,702		37,116	59,818
7,771	432	432	8,635
2,075	115	115	2,305
8,436	469	469	9,374
	58,365		58,365
20,190			20,190
8,487	83	83	8,653
12,776	710	710	14,196
18,976	1,054	1,054	21,084
500			500
<u>39,287</u>	<u>2,183</u>	<u>2,183</u>	<u>43,653</u>
<u>\$ 561,709</u>	<u>\$ 143,258</u>	<u>\$ 61,668</u>	<u>\$ 766,635</u>

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING ACTIVITIES		
Increase in net assets	\$ 941,788	\$ 104,310
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	39,739	43,517
Amortization	136	136
Realized and unrealized gain on investments	(109)	(125)
(Increase) decrease in certain current assets:		
Promises to give and grants receivable, net	(931,667)	(14,021)
Prepaid expenses and other assets	15,357	(7,721)
Increase (decrease) in certain current liabilities:		
Accounts payable and accrued expenses	(136,646)	26,631
Deferred revenue	(42,579)	(9,868)
Net Cash Provided (Used) By Operating Activities	<u>(113,981)</u>	<u>142,859</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(600)	
Net Cash Used by Investing Activities	<u>(600)</u>	
FINANCING ACTIVITIES		
Principal payments on mortgage note payable	(10,642)	(10,667)
Bank overdraft		(19,752)
Net Cash Used By Financing Activities	<u>(10,642)</u>	<u>(30,419)</u>
NET INCREASE (DECREASE) IN CASH	(125,223)	112,440
CASH		
Beginning of Year	<u>125,683</u>	<u>13,243</u>
End of Year	<u>\$ 460</u>	<u>\$ 125,683</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 12,610	\$ 15,542

See accompanying notes.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Alzheimer's Association, Long Island Chapter, Inc. (the Chapter), incorporated in the State of New York in September 1983, as a local chapter of the National Alzheimer's Disease and Related Disorders Association, Inc. On October 24, 2012, its Board of Directors voted unanimously to disaffiliate from the National Alzheimer's Association and to change its name to Alzheimer's Disease Resource Center, Inc. (the Organization).

The Organization's mission is to support research that may lead to a cure for Alzheimer's disease, to provide care, support and education programs for families in need, and to be advocates for local families who are coping with Alzheimer's disease and other dementias.

Basis of Presentation: The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* include assets and liabilities which may be used at the discretion of management to support the Organization's purposes and operations.
- *Temporarily Restricted Net Assets* include assets related to gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Organization pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash consists of cash in demand deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

Promises to Give and Grants Receivable consist of unconditional promises to give that are expected to be collected in future years and grants classified as conditional promises to the extent that conditions have been met but reimbursement from the grantor has not yet been received. Promises to give and grants receivable are reported as temporarily restricted support unless explicit donor stipulations or circumstances surrounding the promise to give make clear the donor intended it to be used to support activities of the current period.

Promises to give and grants receivable are reviewed regularly for collectability and an allowance is recorded, if necessary, based on management's judgement and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors. Promises to give and grants receivable are written off against the allowance when deemed uncollectible. At June 30, 2018 and 2017, the allowance for uncollectible promises to give and grants receivable was \$26,718 and \$0, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Common Stocks are included in prepaid expenses and other assets on the statement of financial position and are valued at fair value which is the closing price reported on the active market on which the individual stocks are traded. The common stocks are Level 1 in the fair value hierarchy. Purchases and sales of common stocks are recorded on their trade date. Gains and losses on the sale of common stock are determined using the specific-identification method. Realized and unrealized gains and losses on common stocks are included in the statement of activities.

Property and Equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Expenditures for normal repairs and maintenance are charged to expense as incurred. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	40 years
Office/computer equipment	5-7 years
Office furniture	5-7 years
Computer software	5-7 years

The Organization's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required during fiscal years 2018 and 2017.

Intangible Assets represent the Organization's cost in obtaining trademarks and are being amortized on a straight line-basis over 15 years. At June 30, 2018 and 2017, the trademark costs totaled \$2,046 and accumulated amortization totaled \$680 and \$544, respectively. Related amortization expense was \$136 in both fiscal years 2018 and 2017.

Contributions and Grants are recognized as revenue and support when they are received or unconditionally pledged. The Organization reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Conditional contributions are not recorded as support and revenues until the conditions are met. Government contracts are classified as exchange transactions, which are reciprocal transfers between two entities in which goods and services of equal value are exchanged, and are not recognized until services are performed or allowable expenditures are incurred as specified in the contracts. Government contracts and certain other grants are subject to audit by the government or granting agency, and as a result of such audit, adjustments to revenue and support could be required.

In-kind Contributions: Contributions of services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributions of food, equipment, and other goods are recorded at estimated fair market value when received.

Special Event Revenue, including related sponsorship revenue and other contributions, is recognized upon occurrence of the event. Revenue and support received for events occurring subsequent to the statement of financial position date is reflected as deferred revenue. Special event revenues recorded in advance of the occurrence of the event are recorded as deferred revenues.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on space occupied, time spent by Organization staff, or other estimates made by the Organization's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs are expensed as incurred and totaled \$77,598 and \$59,818 for the years ended June 30, 2018 and 2017, respectively.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2018 and 2017.

The Organization files U.S. federal and state of New York information tax returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2015.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through July 3, 2019, the date the financial statements were available to be issued.

NOTE 2 - PROMISES TO GIVE AND GRANTS RECEIVABLE

Promises to give and grants receivable were as follows at June 30, 2018 and 2017:

	2018	2017
Unrestricted	<u>\$ 963,796</u>	<u>\$ 80,411</u>
Temporarily restricted:		
Operating purposes – time restrictions	225,000	150,000
Investment in building	<u>187,200</u>	<u>187,200</u>
Total Temporarily Restricted	<u>412,200</u>	<u>337,200</u>
 Total Promises to Give and Grants Receivable	 1,375,996	 417,611
Less: Allowance for uncollectible receivables	<u>26,718</u>	<u> </u>
 Total Promises to Give and Grants Receivable, net	 <u>\$1,349,278</u>	 <u>\$417,611</u>

All promises to give and grants receivable are collectible in one year; therefore, no discount has been applied.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Building	\$1,010,387	\$1,010,387
Building improvements	63,115	63,115
Land	120,000	120,000
Land improvements	59,430	59,430
Office/computer equipment	59,260	58,660
Office furniture	85,168	85,168
Computer software	<u>11,211</u>	<u>11,211</u>
	1,408,571	1,407,971
Less: Accumulated depreciation	<u>346,390</u>	<u>306,651</u>
 Property and Equipment, net	 <u>\$1,062,181</u>	 <u>\$1,101,320</u>

Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$39,739 and \$43,517, respectively.

NOTE 4 - DEBT AND CREDIT ARRANGEMENTS

On June 20, 2011, the Organization entered into a mortgage agreement with a bank in the amount of \$300,000. The note bears interest at 5.94% per annum and is payable in equal monthly installments of \$2,154 until maturity at June 1, 2021, at which time a balloon payment of the unpaid principal balance is due. The note is collateralized by the real estate. As of June 30, 2018 and 2017, long-term debt consisted of the following:

	2018	2017
Mortgage payable (see above)	\$235,203	\$245,845
Less: Current maturities	<u>(15,360)</u>	<u>(11,065)</u>
Long-term Debt, net	<u>\$219,843</u>	<u>\$234,780</u>

The following is a summary of future maturities of the mortgage payable as of June 30, 2018:

Payable In Fiscal Year June 30,	Principal
2019	\$ 15,360
2020	13,134
2021	<u>206,709</u>
	<u>\$235,203</u>

NOTE 5 - NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Purpose restricted – NYS Department of Health	\$225,000	\$150,000
Purpose restricted – NYS Dormitory Authority Grant	187,200	187,200
Purpose restricted – Research	31,051	
Purpose restricted – Art Expression Program	<u>216</u>	
Total Temporarily Restricted Net Assets	<u>\$443,467</u>	<u>\$337,200</u>

Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors were comprised of the following for the years ended June 30, 2018 and 2017:

	2018	2017
NYS Department of Health	\$150,000	\$170,000
Research expenses	10,000	
Art Expression Program expenses	9,784	
Legal expenses	<u> </u>	<u>2,500</u>
Total Net Assets Released from Restrictions	<u>\$169,784</u>	<u>\$172,500</u>

NOTE 6 - RETIREMENT PLAN

The Organization sponsors a non-contributory plan available for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the plan. The Organization made no contributions to the plan in fiscal years 2018 and 2017.

NOTE 7 - CONCENTRATIONS

The Organization receives a substantial amount of support from government grants. A reduction in support from these sources may have a significant impact on the Organization's programs and operations. Revenue from government grants and contracts was 13% and 40% of total revenue and support for the years ended June 30, 2018 and 2017, respectively. A gift from a single donor accounted for 53% of total revenue and support for the year ended June 30, 2018.

NOTE 8 - RENT COMMITMENTS

The Organization has a noncancellable operating lease which expires on June 30, 2019. The lease includes two one-year renewal options. Rental expense totaled \$16,558 and \$15,264 for the years ended June 30, 2018 and 2017, respectively. At June 30, 2018, the future minimum rental payments required were \$16,800 to be paid in fiscal year 2019.