

Alzheimer's Disease International

Financial Statements

Years Ended June 30, 2020 and 2019



WIPFLI

Independent Auditor's Report

To the Board of Directors
Alzheimer's Disease International
London, SE1 0BB 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, 2020 and 2019, 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 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 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, 2020 and 2019, 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.

Wipfli LLP

March 22, 2021
Lincolnshire, Illinois

Alzheimer's Disease International

Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Current assets:		
Cash	\$ 486,389	\$ 366,794
Accounts receivable	475,302	4,768
Grants and contributions receivable - Net of allowance for uncollectible accounts of \$10,000	617,377	360,727
Current portion of pledges receivable	50,000	-
Prepaid expenses	99,027	36,898
Total current assets	1,728,095	769,187
Property and equipment:		
Furniture and equipment	75,253	57,315
Less: Accumulated depreciation	(26,921)	(44,803)
Net property and equipment	48,332	12,512
Other assets:		
Rent security deposit	14,549	8,909
Deposit for website development	41,187	-
Pledge receivable, net of current portion	150,000	-
Total other assets	205,736	8,909
Total assets	\$ 1,982,163	\$ 790,608

Alzheimer's Disease International

Statements of Financial Position (Continued)

<i>June 30,</i>	2020	2019
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 229,611	\$ 93,047
Deferred revenue	642,802	39,246
Current portion of note payable	1,006	932
Total current liabilities	873,419	133,225
Long-term liabilities:		
Note payable, net of current maturities	2,695	3,810
Total liabilities	876,114	137,035
Net assets:		
Without donor restrictions	226,946	131,717
With donor restrictions	879,103	521,856
Total net assets	1,106,049	653,573
Total liabilities and net assets	\$ 1,982,163	\$ 790,608

See accompanying notes to financial statements.

Alzheimer's Disease International

Statements of Activities and Changes in Net Assets

Years Ended June 30,	2020				2019			
	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	\$ 464,147	\$ -	\$ 464,147	24.13 %	\$ 454,412	\$ -	\$ 454,412	22.70 %
Contributions and grants	360,696	965,337	1,326,033	68.92	319,315	549,364	868,679	43.41
Conference revenue (Note 6)	-	-	-	-	533,472	-	533,472	26.66
Institutional funding	140,417	-	140,417	7.30	136,713	-	136,713	6.83
Interest and other	9,320	-	9,320	0.48	523	-	523	0.03
In-kind contributions	1,429	-	1,429	0.07	13,366	-	13,366	0.67
Loss on currency exchange transactions	(17,373)	-	(17,373)	(0.90)	(5,986)	-	(5,986)	(0.30)
Net assets released from restrictions	608,090	(608,090)	-	-	546,416	(546,416)	-	-
Total support and revenue	1,566,726	357,247	1,923,973	100.00	1,998,231	2,948	2,001,179	100.00
Expenses:								
Program	1,083,111	-	1,083,111	56.30	1,604,381	-	1,604,381	80.17
General and administrative	238,138	-	238,138	12.38	243,024	-	243,024	12.14
Fund raising	150,248	-	150,248	7.81	110,788	-	110,788	5.54
Total expenses	1,471,497	-	1,471,497	76.49	1,958,193	-	1,958,193	97.85
Change in net assets	95,229	357,247	452,476	21.37 %	40,038	2,948	42,986	2.15 %
Net assets, beginning of year	131,717	521,856	653,573		91,679	518,908	610,587	
Net assets, end of year	\$ 226,946	\$ 879,103	\$ 1,106,049		\$ 131,717	\$ 521,856	\$ 653,573	

See accompanying notes to financial statements.

Alzheimer's Disease International

Statement of Functional Expenses

Year Ended June 30,

2020

	Program Services				Support Services			
	Conference	Member Support & Development	Promotion and Awareness	Research	Total Program Services	General Administration	Fund Raising	Total
Salaries and related expenses	\$ 125,048	\$ 94,736	\$ 162,341	\$ 126,069	\$ 508,194	\$ 130,420	\$ 111,662	\$ 750,276
Grants to members	-	36,911	22,518	-	59,429	-	-	59,429
Regional office support	-	83,238	14,820	-	98,058	-	-	98,058
Dues forgiveness - Hardship	-	8,200	-	-	8,200	-	-	8,200
Occupancy	12,513	6,770	16,245	12,616	48,144	10,919	11,174	70,237
Printing	-	729	54,978	-	55,707	1,811	506	58,024
Postage and delivery	-	275	1,938	-	2,213	1,128	259	3,600
Insurance	-	-	-	-	-	3,009	-	3,009
Office expense and miscellaneous	-	4,587	3,260	-	7,847	12,292	775	20,914
Telephone and internet	2,620	2,578	10,004	2,624	17,826	4,742	2,330	24,898
Professional fees	-	73,248	111,232	-	184,480	53,585	20,547	258,612
Bad debt	-	-	-	957	957	2,995	-	3,952
Conferences and meetings including travel and accommodations	5,711	51,167	35,178	-	92,056	3,671	2,995	98,722
Total expenses before depreciation	145,892	362,439	432,514	142,266	1,083,111	224,572	150,248	1,457,931
Depreciation	-	-	-	-	-	13,566	-	13,566
Total	\$ 145,892	\$ 362,439	\$ 432,514	\$ 142,266	\$ 1,083,111	\$ 238,138	\$ 150,248	\$ 1,471,497

See accompanying notes to financial statements.

Alzheimer's Disease International

Statement of Functional Expenses

Year Ended June 30,

2019

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

See accompanying notes to financial statements.

Alzheimer's Disease International

Statements of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
Cash flows from operating activities		
Changes in net assets:	\$ 452,476	\$ 42,986
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	13,566	4,472
Changes in operating assets and liabilities:		
Accounts receivable	(470,534)	(1,667)
Grants and contributions receivable	(256,650)	(106,914)
Pledge receivable	(200,000)	-
Prepaid expenses	(62,129)	128,833
Accounts payable and accrued liabilities	136,564	(27,253)
Deferred revenue	603,556	(355,836)
Total adjustments	(235,627)	(358,365)
Net cash from operating activities	216,849	(315,379)
Cash flows from investing activities:		
Purchase of property and equipment	(49,386)	(5,426)
Deposit for website development	(41,187)	-
Rent security deposit	(5,640)	333
Net cash from investing activities	(96,213)	(5,093)
Cash flows from financing activities:		
Repayments on note payable	(1,041)	(733)
Change in cash	119,595	(321,205)
Cash at beginning of year	366,794	687,999
Cash at end of year	\$ 486,389	\$ 366,794
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.

Estimates

The preparation of financial statements in conformity with GAAP 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.

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 2020 minimum dues ranged from \$250 to \$12,419 for 2019 from \$245 to \$12,175 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 2020 and 2019).

Accounts Receivable

Accounts Receivable consists of advances and outstanding membership dues which are due within a year or less. Receivables are continuously monitored and are considered fully collectible. At June 30, 2020 and 2019, there was no allowance for doubtful accounts.

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, 2020 and 2019, the allowance for doubtful accounts was \$10,000.

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.

Alzheimer's Disease International

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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. ADI charges direct program expenses directly to each program. ADI 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.

Deferred Revenue

For 2020 deferred revenue relates to the conference to be held in the 2021 fiscal year. For 2019, deferred revenue relates to payments for training and prepayments of membership dues.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is condition. ADI adopted this guidance as of July 1, 2019, under a modified prospective basis with no effect on its net assets.

New Accounting Pronouncements

In May 2014, the FASB issued 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 December 15, 2019. 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, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for substantially all leases with lease terms in excess of twelve months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. ADI continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

Subsequent Events

ADI has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 22, 2021, which is the date the financial statements were available to be issued.

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>	2020	2019
Cash	\$ 486,389	\$ 366,794
Accounts receivable	475,302	4,768
Grants receivable	617,377	360,727
Pledge receivable	50,000	-
Total financial assets	1,629,068	732,289
Less: Donor restricted assets	(879,103)	(521,856)
Financial assets available to meet general expenditures within one year	\$ 749,965	\$ 210,433

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 \$378,000 per year resulting in a desired reserve of \$252,000 to \$504,000.

Alzheimer's Disease International

Notes to Financial Statements

Note 3: Pledges Receivable

Pledges receivable consisted of the following at June 30, 2020:

Pledges receivable	\$	200,000
Less - Noncurrent portion, net		(50,000)
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Current portion, net	\$	150,000
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The Company's pledges receivable as of June 30, 2020, are due as follows:

Receivables in less than one year	\$	50,000
Receivables in one to five years		150,000
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Total	\$	200,000
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Note 4: Major Support

ADI received approximately 64% in 2020 and 2019 of its dues revenues from two member organizations. Major gifts totaling approximately \$227,146 were received from one source in 2020.

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, 2020 and 2019. 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 2020 and 2019, 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. There was no conference in the year ended June 30, 2020, as scheduled conference was deferred until December 2020 and will be included in the financial statements for the year ending June 30, 2021. The 2019 conference was held in Chicago, Illinois.

Alzheimer's Disease International

Notes to Financial Statements

Note 7: Net Assets with Donor Restrictions

At June 30, 2020 and 2019, net assets with donor restriction net assets, which have either purpose or time restrictions, consisted of the following:

	2020	2019
Restricted grants for:		
Alzheimer University	\$ 32,536	\$ 92,470
Accreditation	200,000	-
World Alzheimer's Month	30,000	3,750
Regional support	269,135	109,124
Global alliances and other	51,512	14,012
Website and communications	102,000	65,000
Future periods	193,920	237,500
Total	\$ 879,103	\$ 521,856

Note 8: 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. The lease expired on January 30, 2020.

On December 19, 2019, ADI entered into a new office space lease agreement classified as an operating lease expiring on December 19, 2024. Minimum annual rentals are \$44,085. The monthly rent includes a service charge for cleaning, maintenance and utilities.

Occupancy expense for the years ended June 30, 2020 and 2019, including cleaning, maintenance, and utilities was \$70,237 and \$50,173, respectively.

The minimum future lease payments are as follows:

<i>Years Ended June 30,</i>	
2021	\$ 44,085
2022	44,085
2023	44,085
2024	44,085
2025	22,043
Total	\$ 198,383

Alzheimer's Disease International

Notes to Financial Statements

Note 9: Commitment for Conference and Coordinator

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

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. ADI has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Note 11: Business Conditions

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic." First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, ADI's operations have not been significantly impacted; however, ADI continues to monitor the situation. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while ADI's results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.