

Alzheimer's Disease International

Consolidated Financial Statements

Years Ended June 30, 2023 and 2022



WIPFLI

Independent Auditor's Report

To the Board of Directors
Alzheimer's Disease International
London, United Kingdom

Opinion

We have audited the accompanying consolidated financial statements of Alzheimer's Disease International (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease International as of June 30, 2023 and 2022, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of Alzheimer's Disease International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alzheimer's Disease International's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alzheimer's Disease International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alzheimer's Disease International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.



Wipfli LLP

Lincolnshire, Illinois
February 27, 2024

Alzheimer's Disease International

Consolidated Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Current assets:		
Cash	\$ 1,316,716	\$ 1,348,718
Accounts receivable	739	510
Grants and contributions receivable - net	39,952	272,819
Current portion of pledge receivable	50,000	50,000
Prepaid expenses	30,551	85,294
Total current assets	1,437,958	1,757,341
Property and equipment:		
Furniture and equipment	78,285	92,264
Less: Accumulated depreciation	(36,627)	(69,487)
Net property and equipment	41,658	22,777
Other assets:		
ROU asset - operating	100,368	-
Rent security deposit	27,160	14,295
Website development, net of amortization	8,767	26,305
Pledge receivable, net of current portion	50,000	50,000
Total other assets	186,295	90,600
Total assets	\$ 1,665,911	\$ 1,870,718

See accompanying notes to consolidated financial statements.

Alzheimer's Disease International

Consolidated Statements of Financial Position (Continued)

<i>June 30,</i>	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 101,030	\$ 128,912
Deferred revenue	88,379	143,007
Grants payable	-	10,000
Current portion of note payable	-	1,015
Current portion of operating lease liability	67,413	-
Total current liabilities	256,822	282,934
Long-term liabilities:		
Note payable, net of current maturities	-	326
Operating lease liability, net of current portion	45,774	-
Total long-term liabilities	45,774	326
Total liabilities	302,596	283,260
Net assets:		
Without donor restrictions	829,698	960,257
With donor restrictions	533,617	627,201
Total net assets	1,363,315	1,587,458
Total liabilities and net assets	\$ 1,665,911	\$ 1,870,718

See accompanying notes to consolidated financial statements.

Alzheimer's Disease International

Consolidated Statements of Activities and Changes in Net Assets

Years Ended June 30,	2023				2022			
	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	\$ 508,348	\$ -	\$ 508,348	30.53 %	\$ 465,598	\$ -	\$ 465,598	22.87 %
Contributions and grants	535,998	606,524	1,142,522	68.61	196,195	555,367	751,562	36.90
Conference revenue	-	-	-	-	730,373	-	730,373	35.87
Institutional funding	-	-	-	-	149,391	-	149,391	7.34
Accreditation fees	33,469	-	33,469	2.01	20,750	-	20,750	1.02
Interest and other	2	-	2	-	514	-	514	0.03
In-kind contributions	535	-	535	0.03	-	-	-	-
Loss on currency exchange transactions	(19,610)	-	(19,610)	(1.18)	(82,032)	-	(82,032)	(4.03)
Net assets released from restrictions	700,108	(700,108)	-	-	879,021	(879,021)	-	-
Total support and revenue	1,758,850	(93,584)	1,665,266	100.00	2,359,810	(323,654)	2,036,156	100.00
Expenses:								
Program	1,294,843	-	1,294,843	77.76	1,641,251	-	1,641,251	80.61
General and administrative	371,660	-	371,660	22.32	244,135	-	244,135	11.99
Fund raising	222,906	-	222,906	13.39	159,806	-	159,806	7.85
Total expenses	1,889,409	-	1,889,409	113.47	2,045,192	-	2,045,192	100.45
Change in net assets	(130,559)	(93,584)	(224,143)	(13.47)%	314,618	(323,654)	(9,036)	(0.45)%
Net assets, beginning of year	960,257	627,201	1,587,458		645,639	950,855	1,596,494	
Net assets, end of year	\$ 829,698	\$ 533,617	\$ 1,363,315		\$ 960,257	\$ 627,201	\$ 1,587,458	

See accompanying notes to consolidated financial statements.

Alzheimer's Disease International

Consolidated Statement of Functional Expenses

Year Ended June 30,

2023

	Program Services				Support Services			
	Conference	Member Support & Development	Promotion and Awareness	Research	Total Program Services	General Administration	Fund Raising	Total
Salaries and related expenses	\$ 74,462	\$ 111,694	\$ 363,005	\$ 37,231	\$ 586,392	\$ 187,461	\$ 186,156	\$ 960,009
Grants to members	-	26,993	8,594	-	35,587	-	-	35,587
Regional office support	-	11,616	4,000	-	15,616	-	-	15,616
Dues forgiveness - Hardship	-	1,325	-	-	1,325	-	-	1,325
Occupancy	5,403	8,105	26,340	2,702	42,550	11,482	13,508	67,540
Printing	-	701	21,393	-	22,094	4,135	-	26,229
Postage and delivery	-	1,009	12	-	1,021	2,166	-	3,187
Insurance	-	-	-	-	-	6,042	-	6,042
Office expense and miscellaneous	-	2,157	4,804	-	6,961	15,701	-	22,662
Telephone and internet	2,428	4,284	17,011	1,374	25,097	6,077	6,875	38,049
Professional fees	-	133,490	251,840	-	385,330	67,586	7,823	460,739
Bad debt	2,551	4,220	-	-	6,771	-	-	6,771
Conferences and meetings, including travel and accommodations	4,826	80,622	75,894	4,757	166,099	29,701	8,544	204,344
Total expenses before depreciation and amortization	89,670	386,216	772,893	46,064	1,294,843	330,351	222,906	1,848,100
Depreciation and amortization	-	-	-	-	-	41,309	-	41,309
Totals	\$ 89,670	\$ 386,216	\$ 772,893	\$ 46,064	\$ 1,294,843	\$ 371,660	\$ 222,906	\$ 1,889,409

See accompanying notes to consolidated financial statements.

Alzheimer's Disease International

Consolidated Statement of Functional Expenses

Year Ended June 30,

2022

	Program Services					Support Services			
	Conference	Member Support & Development	Promotion and Awareness	Research	Total Program Services	General Administration	Fund Raising	Total	
Salaries and related expenses	\$ 203,036	\$ 54,541	\$ 258,248	\$ 121,814	\$ 637,639	\$ 104,143	\$ 136,134	\$ 877,916	
Grants to members	24,159	50,562	13,500	-	88,221	10,000	-	98,221	
Regional office support	-	-	4,000	-	4,000	-	-	4,000	
Dues forgiveness - Hardship	-	7,255	-	-	7,255	-	-	7,255	
Occupancy	19,685	5,288	25,038	11,810	61,821	9,331	13,199	84,351	
Printing	12,287	645	27,874	-	40,806	1,414	-	42,220	
Postage and delivery	82	959	-	-	1,041	178	-	1,219	
Insurance	5,391	-	-	-	5,391	5,655	-	11,046	
Office expense and miscellaneous	6,513	1,416	3,642	-	11,571	17,807	478	29,856	
Telephone and internet	9,453	7,798	15,335	2,988	35,574	2,479	3,352	41,405	
Professional fees	27,476	124,310	134,918	-	286,704	32,187	1,940	320,831	
Bad debt	-	-	-	-	-	10,192	-	10,192	
Conferences and meetings, including travel and accommodations	379,730	39,207	41,962	329	461,228	11,278	4,703	477,209	
Total expenses before depreciation and amortization	687,812	291,981	524,517	136,941	1,641,251	204,664	159,806	2,005,721	
Depreciation and amortization	-	-	-	-	-	39,471	-	39,471	
Totals	\$ 687,812	\$ 291,981	\$ 524,517	\$ 136,941	\$ 1,641,251	\$ 244,135	\$ 159,806	\$ 2,045,192	

See accompanying notes to consolidated financial statements.

Alzheimer's Disease International

Consolidated Statements of Cash Flows

Years Ended June 30,	2023	2022
Cash flows from operating activities:		
Change in net assets:	\$ (224,143)	\$ (9,036)
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	41,309	39,471
Bad debt expense	6,771	-
Noncash Lease Expense	32,020	-
Changes in operating assets and liabilities:		
Accounts receivable	(229)	75,801
Grants and contributions receivable	226,096	(39,739)
Pledge receivable	-	50,000
Prepaid expenses	54,743	(83,294)
Accounts payable and accrued liabilities	(27,882)	71,014
Grants payable	(10,000)	10,000
Deferred revenue	(54,628)	105,047
Operating lease liability	(19,201)	-
Total adjustments	248,999	228,300
Net cash from operating activities	24,856	219,264
Cash flows from investing activities:		
Purchase of property and equipment	(42,652)	(10,430)
Rent security deposit	(12,865)	1,974
Net cash from investing activities	(55,517)	(8,456)
Cash flows from financing activities:		
Repayments on note payable	(1,341)	(1,336)
Change in cash	(32,002)	209,472
Cash at beginning of year	1,348,718	1,139,246
Cash at end of year	\$ 1,316,716	\$ 1,348,718
Supplementary disclosure of non-cash operating activities:		
Right of use assets obtained in exchange for new operating lease liabilities	\$ 132,388	\$ -
Supplementary disclosure of non-cash investing activities:		
Website development costs reclassified from deposit	\$ -	\$ 41,187

See accompanying notes to consolidated financial statements.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

Alzheimer's Disease International and Subsidiary (Alzheimer's Disease International London Limited) (collectively "ADI"). Alzheimer's Disease International: The International Federation of Alzheimer's Disease and Related Disorders Societies, Inc. 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.

Alzheimer's Disease International London Limited was formed in 2022 to facilitate the accounting and VAT for the London conference.

Principles of Consolidation

The consolidated financial statements include the accounts of the Alzheimer's Disease International and Alzheimer's Disease International London Limited. The Organizations are consolidated due to financial interest, and the Organizations have common management. All significant intercompany transactions and accounts have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of ADI have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (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.

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.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of consolidated 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 consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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. Accounts receivable consisted of \$739; \$510; and \$76,311 as of June 30, 2023, 2022, and 2021, respectively. At June 30, 2023 and 2022, there was no allowance for doubtful accounts.

Grants, Contributions, and Pledges Receivable

Grants and contributions receivable consist of amounts receivable from organizations and individuals. Grants and contributions receivable is stated at the amount due less an allowance for doubtful accounts.

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restriction. Unrestricted promises to give to be collected in future periods are also recorded as an increase to net assets with donor restriction and reclassified to net assets without donor restriction when received, unless the donor's intention is to support current-period activities.

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

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, 2023 and 2022, 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 \$607 (£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.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Website

ADI capitalized website costs totaling \$52,612 for the year ended June 30, 2023, which are being amortized using the straight-line method over an estimated life of three years. The website was placed in service in November 2020.

Donated Services and Materials

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

A nominal amount in expenses for postage and mailing were contributed in the year ended June 30, 2023. A significant amount of donated services are contributed to ADI by various members to support ADI's program and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the consolidated financial statements as they do not meet the criteria for recognition under GAAP.

Revenue Recognition

Contributions

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. Contributions, including unconditional promises to give, are recognized as revenue when received. Conditional contributions and promises to give are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Assets received for which the condition has not been satisfied are recorded as deferred revenue.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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.

Membership dues

Revenue as it pertains to membership dues is recognized throughout the calendar year in accordance with the agreements with members. Dues, fees, and assessments received during the year that relate to the subsequent calendar year are recorded as deferred revenue. As such, the performance obligation is satisfied over time. ADI has determined that the transaction price is based on the size of the member organization. For 2023 and 2022 minimum dues ranged from \$255 to \$13,175 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 consolidated financial statements. ADI computes the dues based upon the prior year dues plus the agreed upon increase (4% and 2% for 2023 and 2022). Funds received in advance for the following year are recorded as deferred revenue.

Events

Registration Fees

Registration fees revenue is recorded when the services are completed. The performance obligation is providing the education and entertainment at various events throughout the year. As such, the performance obligation is satisfied at a point in time, at the completion of the event. ADI has determined that the transaction price is the price stated in the registration application for the event.

Sponsorships

Sponsorships revenue is recorded when the services are completed. The performance obligation is hosting various events throughout the year and providing services as stated in the contract. As such, the performance obligation is satisfied at a point in time, at the completion of the event. ADI has determined that the transaction price is the price stated in the contract.

Institutional funding

Institutional funding revenue consists of overhead and joint costs for research projects. ADI bills the institution on a quarterly basis as the work is being performed. The transaction price charged to the institution is determined based on a percentage of overhead and joint costs for the quarter. Revenue is recognized quarterly based on the transaction price.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Accreditation

Accreditation and certification revenue consists of four distinct performance obligations – accreditation and certification application acceptance and processing, accreditation and certification pre-accreditation fee, accreditation and certification visit, and an accreditation and certification annual fee. Accreditation and certification revenue is reported at the transaction price which reflects the consideration to which the ADI expects to be entitled in exchange for fulfilling the three performance obligations. ADI receives consideration for accreditation and certification applications upon submission of the application. ADI receives consideration for the accreditation and certification prior to the on-site visit. ADI determines the total transaction price based on the agreement. A typical accreditation and certification cycle is three years with the application submitted prior to the accreditation. ADI requires each customer to complete an extensive application to begin the accreditation and certification process. Upon submission, ADI charges and collects a fee related to the acceptance and review of the application and recognizes revenue. Once the certificate has been awarded to the customer, they must pay an annual fee that is recognized over 12 months from the award date.

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 consolidated 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.

ASC 842 Lease Accounting

ADI is a lessee in a noncancelable operating lease. If the contract provides ADI the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ADI has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting (Continued)

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

For all underlying classes of assets, ADI has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that ADI is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. ADI recognizes short-term lease cost on a straight-line basis over the lease term.

Deferred Revenue

For 2023 deferred revenue relates to accreditation fees, World Alzheimer's Month for 2023, and regional conferences. For 2022, deferred revenue relates to prepayments of membership dues, accreditation fee, World Alzheimer's Month for 2022, and a report on palliative care. Amounts were \$88,379, \$143,007 and \$37,960 as of June 30, 2023, 2022, and 2021, respectively.

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 consolidated financial statements include uncertain tax positions.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statements of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. ADI adopted this guidance for the year ended June 30, 2023 with modified retrospective application to July 1, 2022. ADI has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, ADI accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of June 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, ADI did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle (Continued)

This standard did not have a material impact on ADI's net assets or cash flows from operations and had an immaterial impact on ADI's operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

Subsequent Events

ADI has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through February 27, 2024, which is the date the consolidated financial statements were available to be issued (see note 8).

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>	2023	2022
Cash	\$ 1,316,716	\$ 1,348,718
Accounts receivable	739	510
Grants receivable, net	39,952	272,819
Pledge receivable	50,000	50,000
Total financial assets	1,407,407	1,672,047
Less: Donor restricted assets	(533,617)	(627,201)
Financial assets available to meet general expenditures within one year	\$ 873,790	\$ 1,044,846

The Board of Directors has determined that a reserve of approximately three months of total expenditure excluding the conference is desirable. Current expenses results in a desired reserve of approximately \$587,000.

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 3: Pledge Receivable

Pledges receivable consisted of the following:

<i>June 30,</i>	2023	2022
Pledge receivable	\$ 100,000	\$ 100,000
Less - Noncurrent portion, net	(50,000)	(50,000)
Non-current portion	\$ 50,000	\$ 50,000

ADI's pledge receivable as of June 30, 2023, is due as follows:

Receivable in less than one year	\$ 50,000
Receivable in one to five years	50,000
Total	\$ 100,000

Note 4: Website development

ADI's website consisted of the following:

<i>Years Ended June 30,</i>	2023	2022
Website development	\$ 52,612	\$ 52,612
Less: Accumulated amortization	(43,845)	(26,307)
Website development, net	\$ 8,767	\$ 26,305

Amortization expense for the years ended June 30, 2023 and 2022, was \$17,538.

Future amortization expense is as follows:

<i>Year Ended June 30,</i>	
2024	\$ 8,767

Alzheimer's Disease International

Notes to Consolidated Financial Statements

Note 5: Programs

The major activities of ADI include a biennial international conference; production of educational materials (newsletter, website, reports); 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.

Note 6: Grants Payable

Grants authorized but unpaid at year end are reported as liabilities. The following is a summary of grants authorized and payable:

<i>As of June 30,</i>	2023	2022
OATs	\$ -	\$ 10,000

Note 7: Net Assets with Donor Restrictions

At June 30, 2023 and 2022, net assets with donor restriction net assets, which have either purpose or time restrictions, consisted of the following:

	2023	2022
Restricted grants for:		
Alzheimer University	\$ 70,706	\$ 35,706
Accreditation	142,300	200,000
Travel	20,000	-
Regional support	52,039	116,729
Global alliances and other	17,526	2,731
Website and communications	83,638	90,000
Future periods	147,408	182,035
Totals	\$ 533,617	\$ 627,201

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Purpose	\$ 518,072	\$ 585,101
Passage of time	182,036	293,920
Totals	\$ 700,108	\$ 879,021

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Notes to Consolidated Financial Statements

Note 8: Lease Commitments

The 2022 lease is disclosed under ASC 840.

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 \$47,649. The monthly rent includes a service charge for cleaning, maintenance and utilities.

Occupancy expense for the year ended June 30, 2022, including cleaning, maintenance, and utilities, was \$84,351.

The minimum future lease payments are as follows:

<i>Years Ended June 30,</i>	
2023	\$ 35,968
2024	36,429
2025	36,429
2026	30,358
2027	36,429
2028	18,215
Total	\$ 193,828

Note 9: Leases

ADI leases an office space.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

ADI's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments plus, for one of ADI's leases, variable payments. ADI's office space leases require it to make variable payments for the ADI's proportionate share of the building's property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Operating leases are included in the following asset and liability accounts on ADI's statements of financial position: right of use assets - operating, current portion of operating lease liability, and operating lease liability, net of current portion.

Components of lease expense were as follows for the year ended June 30, 2023:

Lease cost	
Operating lease cost	\$ 35,705
Total lease cost	\$ 35,705

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Notes to Consolidated Financial Statements

Note 9: Leases (Continued)

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2023:

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 22,887
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Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 132,388
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Years

Weighted-average remaining lease term - Operating leases	2.25
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Weighted-average discount rate - Operating leases	4.02 %
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Maturities of lease liabilities are as follows as of June 30, 2023:

Years Ended June 30,

2024	\$ 45,774
2025	45,774
2026	26,827

Total lease payments	118,375
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Less imputed interest	(5,188)
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Total	\$ 113,187
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Note 10: Related Parties Transactions

Grant expense includes payments two organizations with common board members. Grant payments to two organizations for the years ended June 30, 2023 and 2022 were \$10,000 and \$45,000, respectively.

Note 11: 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.

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Notes to Consolidated Financial Statements

Note 12: Revenue Concentration

ADI received approximately 14% and 11% in 2023 and 2022 of its total revenue from one member organization's dues.