

# Alzheimer's Disease International

Consolidated Financial Statements

Years Ended June 30, 2022 and 2021



**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, 2022 and 2021, 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, 2022 and 2021, 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.

### ***Correction of Error***

As discussed in Note 11 to the consolidated financial statements, certain errors resulting in understatement of amounts previously reported for accounts receivable and revenue as of June 30, 2021, were discovered by management of Alzheimer's Disease International during the current year. Accordingly, amounts reported for accounts receivable and revenue have been restated in the 2022 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2021, to correct the error. Our opinion is not modified with respect to that matter.

### ***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  
March 25, 2023

# Alzheimer's Disease International

## Consolidated Statements of Financial Position

<i>June 30,</i>	2022	2021 (As Restated)
Assets		
Current assets:		
Cash	\$ 1,348,718	\$ 1,139,246
Accounts receivable	510	76,311
Grants and contributions receivable - Net	272,819	233,080
Current portion of pledge receivable	50,000	50,000
Prepaid expenses	85,294	2,000
Total current assets	1,757,341	1,500,637
Property and equipment:		
Furniture and equipment	92,264	81,834
Less: Accumulated depreciation	(69,487)	(47,554)
Net property and equipment	22,777	34,280
Other assets:		
Rent security deposit	14,295	16,269
Website development, net of amortization	26,305	43,843
Pledge receivable, net of current portion	50,000	100,000
Total other assets	90,600	160,112
Total assets	\$ 1,870,718	\$ 1,695,029

See accompanying notes to consolidated financial statements.

# Alzheimer's Disease International

## Consolidated Statements of Financial Position (Continued)

<i>June 30,</i>	2022	2021 (As Restated)
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 128,912	\$ 57,898
Deferred revenue	143,007	37,960
Grants payable	10,000	-
Current portion of note payable	1,015	1,120
Total current liabilities	282,934	96,978
Long-term liabilities:		
Note payable, net of current maturities	326	1,557
Total liabilities	283,260	98,535
Net assets:		
Without donor restrictions	960,257	645,639
With donor restrictions	627,201	950,855
Total net assets	1,587,458	1,596,494
Total liabilities and net assets	\$ 1,870,718	\$ 1,695,029

See accompanying notes to consolidated financial statements.

# Alzheimer's Disease International

## Consolidated Statements of Activities and Changes in Net Assets

Years Ended June 30,	2022				2021 (As Restated)			
	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	\$ 465,598	\$ -	\$ 465,598	22.87 %	\$ 485,014	\$ -	\$ 485,014	18.89 %
Contributions and grants	196,195	555,367	751,562	36.90	337,150	608,170	945,320	36.82
Conference revenue	730,373	-	730,373	35.87	936,678	-	936,678	36.49
Institutional funding	149,391	-	149,391	7.34	157,420	-	157,420	6.13
Accreditation fees	20,750	-	20,750	1.02	-	-	-	-
Interest and other	514	-	514	0.03	26,565	-	26,565	1.03
In-kind contributions	-	-	-	-	642	-	642	0.03
Gain (loss) on currency exchange transactions	(82,032)	-	(82,032)	(4.03)	15,655	-	15,655	0.61
Net assets released from restrictions	879,021	(879,021)	-	-	536,418	(536,418)	-	-
<b>Total support and revenue</b>	<b>2,359,810</b>	<b>(323,654)</b>	<b>2,036,156</b>	<b>100.00</b>	<b>2,495,542</b>	<b>71,752</b>	<b>2,567,294</b>	<b>100.00</b>
Expenses:								
Program	1,641,251	-	1,641,251	80.61	1,640,101	-	1,640,101	63.88
General and administrative	244,135	-	244,135	11.99	240,261	-	240,261	9.36
Fund raising	159,806	-	159,806	7.85	196,487	-	196,487	7.65
<b>Total expenses</b>	<b>2,045,192</b>	<b>-</b>	<b>2,045,192</b>	<b>100.45</b>	<b>2,076,849</b>	<b>-</b>	<b>2,076,849</b>	<b>80.89</b>
Change in net assets	314,618	(323,654)	(9,036)	(0.44)%	418,693	71,752	490,445	19.10 %
Net assets, beginning of year	645,639	950,855	1,596,494		226,946	879,103	1,106,049	
Net assets, end of year	\$ 960,257	\$ 627,201	\$ 1,587,458		\$ 645,639	\$ 950,855	\$ 1,596,494	

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
<b>Total expenses before depreciation</b>	<b>687,812</b>	<b>291,981</b>	<b>524,517</b>	<b>136,941</b>	<b>1,641,251</b>	<b>204,664</b>	<b>159,806</b>	<b>2,005,721</b>
Depreciation and amortization	-	-	-	-	-	39,471	-	39,471
<b>Totals</b>	<b>\$ 687,812</b>	<b>\$ 291,981</b>	<b>\$ 524,517</b>	<b>\$ 136,941</b>	<b>\$ 1,641,251</b>	<b>\$ 244,135</b>	<b>\$ 159,806</b>	<b>\$ 2,045,192</b>

See accompanying notes to consolidated financial statements.

# Alzheimer's Disease International

## Consolidated Statement of Functional Expenses

Year Ended June 30,

2021

	Program Services				Support Services			
	Conference	Member Support & Development	Promotion and Awareness	Research	Total Program Services	General Administration	Fund Raising	Total
Salaries and related expenses	\$ 195,914	\$ 56,932	\$ 174,367	\$ 152,240	\$ 579,453	\$ 122,379	\$ 168,682	\$ 870,514
Grants to members	-	40,558	15,000	-	55,558	-	-	55,558
Regional office support	-	-	4,000	-	4,000	-	-	4,000
Dues forgiveness - Hardship	-	49,649	-	-	49,649	-	-	49,649
Occupancy	19,437	5,648	17,300	15,104	57,489	10,928	16,736	85,153
Printing	14,251	110	23,893	-	38,254	500	-	38,754
Postage and delivery	-	1,367	-	-	1,367	49	-	1,416
Insurance	-	-	-	-	-	3,781	-	3,781
Office expense and miscellaneous	40,126	3,203	2,610	-	45,939	10,264	1,971	58,174
Telephone and internet	7,436	1,941	6,425	2,121	17,923	3,288	8,029	29,240
Professional fees	252,272	125,365	77,429	-	455,066	37,114	960	493,140
Bad debt	10,000	-	-	-	10,000	18,596	-	28,596
Conferences and meetings, including travel and accommodations	323,766	750	887	-	325,403	3,960	109	329,472
<b>Total expenses before depreciation</b>	<b>863,202</b>	<b>285,523</b>	<b>321,911</b>	<b>169,465</b>	<b>1,640,101</b>	<b>210,859</b>	<b>196,487</b>	<b>2,047,447</b>
Depreciation	-	-	-	-	-	29,402	-	29,402
<b>Totals</b>	<b>\$ 863,202</b>	<b>\$ 285,523</b>	<b>\$ 321,911</b>	<b>\$ 169,465</b>	<b>\$ 1,640,101</b>	<b>\$ 240,261</b>	<b>\$ 196,487</b>	<b>\$ 2,076,849</b>

See accompanying notes to consolidated financial statements.



# Alzheimer's Disease International

## Consolidated Statements of Cash Flows

<i>Years Ended June 30,</i>	2022	2021 (As Restated)
Cash flows from operating activities:		
Change in net assets:	\$ (9,036)	\$ 490,445
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	39,471	29,402
Changes in operating assets and liabilities:		
Accounts receivable	75,801	298,991
Grants and contributions receivable	(39,739)	484,297
Pledge receivable	50,000	50,000
Prepaid expenses	(83,294)	97,027
Accounts payable and accrued liabilities	71,014	(171,713)
Grants payable	10,000	-
Deferred revenue	105,047	(604,842)
Total adjustments	228,300	183,162
Net cash from operating activities	219,264	673,607
Cash flows from investing activities:		
Purchase of property and equipment	(10,430)	(6,581)
Website development costs	-	(11,425)
Rent security deposit	1,974	(1,720)
Net cash from investing activities	(8,456)	(19,726)
Cash flows from financing activities:		
Repayments on note payable	(1,336)	(1,024)
Change in cash	209,472	652,857
Cash at beginning of year	1,139,246	486,389
Cash at end of year	\$ 1,348,718	\$ 1,139,246
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 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.

# 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 \$510; \$76,311; and \$475,302 as of June 30, 2022, 2021, and 2020, respectively. At June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022, 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 telephone and related costs of the Chair of ADI were contributed directly by the Chair in the years ended June 30, 2022 and 2021. 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 2022 and 2021 minimum dues ranged from \$255 to \$12,670 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 (2% for 2022 and 2021). 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 the Stride Project which helps to build capacity in dementia research in seven developing countries. ADI bills the London School of Economics 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.

##### **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.

##### **Deferred Revenue**

For 2022 deferred revenue relates to prepayments of membership dues, accreditation fee, World Alzheimer's Month for 2021, and a report on palliative care. For 2021, deferred revenue relates to prepayments of membership dues. Amounts were \$143,007, \$37,960 and \$642,802 as of June 30, 2022, 2021, and 2020, respectively.

# Alzheimer's Disease International

## Notes to Consolidated Financial Statements

---

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Change in Accounting Principle

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets (Topic 958). The amendments in this update require entities to present contributed nonfinancial assets as a separate line item in the statement of activities and expand disclosures on the various contributed nonfinancial assets recognized, including desegregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. ADI adopted this guidance as of July 1, 2021. There was no change in opening balances of net assets, and no prior period results were restated.

#### New Accounting Pronouncement

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 12 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 consolidated financial statements. Early adoption is permitted. ADI continues to evaluate the effect that the implementation of this ASU will have on its consolidated financial statements and related disclosures.

#### Subsequent Events

ADI has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through March 25, 2023, 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>	2022	2021
Cash	\$ 1,348,718	\$ 1,139,246
Accounts receivable	510	76,311
Grants receivable	272,819	233,080
Pledge receivable	50,000	50,000
<b>Total financial assets</b>	<b>1,672,047</b>	<b>1,498,637</b>
<b>Less: Donor restricted assets</b>	<b>(627,201)</b>	<b>(950,855)</b>
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 1,044,846</b>	<b>\$ 547,782</b>

# Alzheimer's Disease International

## Notes to Consolidated Financial Statements

---

### Note 2: Liquidity and Availability of Financial Resources (Continued)

The Board of Directors has determined that a reserve of approximately three to six 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 \$404,000 per year resulting in a desired reserve of \$101,000 to \$202,000.

### Note 3: Pledge Receivable

Pledges receivable consisted of the following:

<i>June 30,</i>	2022	2021
Pledge receivable	\$ 100,000	\$ 150,000
Less - Noncurrent portion, net	(50,000)	(50,000)
Non-current portion	\$ 50,000	\$ 100,000

ADI's pledge receivable as of June 30, 2022, 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>	2022	2021
Website development	\$ 52,612	\$ 52,612
Less: Accumulated amortization	(26,307)	(8,769)
Website development, net	\$ 26,305	\$ 43,843

Amortization expense for the years ended June 30, 2022 and 2021, was \$17,538 and \$8,769, respectively.



# Alzheimer's Disease International

## Notes to Consolidated Financial Statements

---

### Note 4: Website development (Continued)

Future amortization expense is as follows:

<i>Year Ended June 30,</i>		
2023	\$	17,538
2024		8,767
Total	\$	26,305

### Note 5: 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.

### 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>	2022	2021
OATs	\$ 10,000	\$ -

# Alzheimer's Disease International

## Notes to Consolidated Financial Statements

---

### Note 7: Net Assets with Donor Restrictions

At June 30, 2022 and 2021, net assets with donor restriction net assets, which have either purpose or time restrictions, consisted of the following:

	2022	2021
Restricted grants for:		
Alzheimer University	\$ 35,706	\$ 60,765
Accreditation	200,000	200,000
World Alzheimer's Month	-	75,000
Regional support	116,729	235,575
Global alliances and other	2,731	64,012
Website and communications	90,000	52,000
Future periods	182,035	263,503
Totals	\$ 627,201	\$ 950,855

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, 2022 and 2021:

	2022	2021
Purpose	\$ 585,101	\$ 318,502
Passage of time	293,920	217,916
Totals	\$ 879,021	\$ 536,418

### Note 8: Lease Commitments

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.

Subsequent to year end, ADI ended their previous lease and entered in a new office space agreement on December 22, 2022. The lease agreement is classified as an operating lease expiring on December 22, 2027.

Occupancy expense for the years ended June 30, 2022 and 2021, including cleaning, maintenance, and utilities was \$84,351 and \$85,153, respectively.

# Alzheimer's Disease International

## Notes to Consolidated Financial Statements

---

### Note 8: Lease Commitments (Continued)

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
Thereafter	18,215
Total	\$ 193,828

### Note 9: Related Parties Transactions

Grant expense includes payments two organizations with common board members. Grant payments to two organizations for the years ended June 30, 2022 and 2021 were \$45,000 and \$45,058, respectively.

### 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: Correction of Error

During the year ended June 30, 2022, management determined that there was an error in its accounting for a contribution with donor restriction which has been understated in June 30, 2021. The ending balance in net assets for the year ended June 30, 2021 have been restated to increase net assets by \$100,000 from \$1,595,029 to \$1,695,029. Change in net assets increased from \$390,445 to \$490,445 for the year ended June 30, 2021.