



KESSLER ORLEAN SILVER  
CERTIFIED PUBLIC ACCOUNTANTS

**Alzheimer's Disease International**

**Financial Statements**

**June 30, 2016 and 2015**

# Alzheimer's Disease International

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## **Independent Auditor's Report**

To the Board of Directors  
Alzheimer's Disease International  
London, SE1 0BL United Kingdom

We have audited the accompanying financial statements of Alzheimer's Disease International (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016 and 2015 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2016 and 2015, 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.

Respectfully submitted,

*Kessler, Orlean, Silver & Company, P.C.*

**Kessler, Orlean, Silver & Company, P.C.**  
Certified Public Accountants

Deerfield, Illinois  
February 8, 2017

# Alzheimer's Disease International

## Statements of Financial Position

June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	<b>Assets</b>					
<b>Current Assets</b>						
Cash	\$ 522,987	\$ -	\$ 522,987	\$ 293,312	\$ -	\$ 293,312
Accounts Receivable	6,477	-	6,477	3,161	-	3,161
Due from Conference	-	-	-	130,308	-	130,308
Grants and Contributions Receivable - Net of Allowance for Uncollectible Accounts of \$30,000 for 2016 and \$10,000 for 2015	-	318,209	318,209	-	427,223	427,223
Prepaid Expenses and Others	48,640	-	48,640	67,907	-	67,907
<b>Total Current Assets</b>	<b>578,104</b>	<b>318,209</b>	<b>896,313</b>	<b>494,688</b>	<b>427,223</b>	<b>921,911</b>
<b>Property and Equipment</b>						
Furniture & Equipment	40,482	-	40,482	40,620	-	40,620
Less Accumulated Depreciation	(36,214)	-	(36,214)	(36,209)	-	(36,209)
<b>Net Property and Equipment</b>	<b>4,268</b>	<b>-</b>	<b>4,268</b>	<b>4,411</b>	<b>-</b>	<b>4,411</b>
<b>Other Assets</b>						
Interfund Balance	(96,986)	96,986	-	(48,197)	48,197	-
<b>Total Assets</b>	<b>\$ 485,386</b>	<b>\$ 415,195</b>	<b>\$ 900,581</b>	<b>\$ 450,902</b>	<b>\$ 475,420</b>	<b>\$ 926,322</b>
	<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 214,692	\$ -	\$ 214,692	\$ 254,258	\$ -	\$ 254,258
<b>Net Assets</b>	<b>270,694</b>	<b>415,195</b>	<b>685,889</b>	<b>196,644</b>	<b>475,420</b>	<b>672,064</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 485,386</b>	<b>\$ 415,195</b>	<b>\$ 900,581</b>	<b>\$ 450,902</b>	<b>\$ 475,420</b>	<b>\$ 926,322</b>

See accompanying notes to the financial statements.

## Alzheimer's Disease International

### Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted Funds	Temporarily Restricted Funds	Total	Percent of Support & Revenue	Unrestricted Funds	Temporarily Restricted Funds	Total	Percent of Support & Revenue
<b>Support and Revenue</b>								
Dues	\$ 415,828	\$ -	\$ 415,828	20.33%	\$ 409,594	\$ -	\$ 409,594	17.36%
Contributions and Grants	249,808	686,263	936,071	45.76%	265,799	826,809	1,092,608	46.32%
Conference Revenue	729,412	-	729,412	35.66%	872,833	-	872,833	37.00%
Interest and Other	214	-	214	0.01%	95	-	95	0.00%
In - Kind Contributions	6,058	-	6,058	0.30%	13,790	-	13,790	0.58%
Gain (Loss) on Currency Exchange Transactions	(42,152)		(42,152)	-2.06%	(29,858)	-	(29,858)	-1.27%
Net Assets Released from Restrictions: Satisfaction of Program Restrictions	746,488	(746,488)	-	0.00%	787,318	(787,318)	-	0.00%
Total Support and Revenue and Assets Released from Restrictions	2,105,656	(60,225)	2,045,431	100.00%	2,319,571	39,491	2,359,062	100.00%
<b>Expenses</b>								
Program Services								
Conference	585,770	-	585,770	28.64%	912,559	-	912,559	38.68%
Information	59,394	-	59,394	2.90%	57,948	-	57,948	2.46%
Member Support and Development	485,340	-	485,340	23.73%	358,324	-	358,324	15.19%
Promotion and Awareness	547,024	-	547,024	26.74%	655,870	-	655,870	27.80%
Research	106,962	-	106,962	5.23%	13,920	-	13,920	0.59%
Total Program Services	1,784,490	-	1,784,490	87.24%	1,998,621	-	1,998,621	84.72%
Support Services								
General and Administration	157,269	-	157,269	7.69%	142,048	-	142,048	6.02%
Fund Raising	89,847	-	89,847	4.39%	85,582	-	85,582	3.63%
Total Support Services	247,116	-	247,116	12.08%	227,630	-	227,630	9.65%
Total Expenses	2,031,606	-	2,031,606	99.32%	2,226,251	-	2,226,251	94.37%
<b>Change in Net Assets</b>	74,050	(60,225)	13,825	0.68%	93,320	39,491	132,811	5.63%
<b>Net Assets, Beginning of Year</b>	196,644	475,420	672,064		103,324	435,929	539,253	
<b>Net Assets, End of Year</b>	\$ 270,694	\$ 415,195	\$ 685,889		\$ 196,644	\$ 475,420	\$ 672,064	

See accompanying notes to the financial statements.

# Alzheimer's Disease International

## Statement of Functional Expenses

For the Year Ended June 30, 2016

	2016								
	Program Services					Support Services			Percent of Total
	Conference	Information	Member Support & Development	Promotion and Awareness	Research	General Administration	Fund Raising	Total	
Salaries and Related Expenses	\$ 58,861	\$ 34,461	\$ 101,214	\$ 189,540	\$ 10,966	\$ 67,271	\$ 68,666	\$ 530,979	
Grants to Members	11,469	-	58,031	92,256	94,368	7,074	-	263,198	12.96%
Regional Office Support	-	-	147,765	-	-	-	-	147,765	7.27%
Dues Forgiveness - Hardship	-	-	-	-	-	4,215	-	4,215	0.21%
Occupancy	5,530	3,238	9,510	17,809	1,031	5,093	6,451	48,662	2.40%
Printing	394	11,709	16,148	22,090	-	6,979	1,338	58,658	2.89%
Postage and Delivery	2,652	7,764	3,052	6,005	-	1,086	262	20,821	1.02%
Insurance	377	221	648	1,214	70	348	440	3,318	0.16%
Office Expense and Miscellaneous	1,913	755	2,850	7,950	241	4,037	1,507	19,253	0.95%
Telephone and Internet	1,433	705	2,203	4,343	224	1,157	1,453	11,518	0.57%
Professional Fees	62,673	370	58,114	128,876	-	26,321	405	276,759	13.62%
Bad Debt	-	-	-	-	-	30,000	-	30,000	1.48%
Conferences and Meetings Including Travel and Accommodations	440,176	-	85,303	76,002	8	3,419	8,985	613,893	30.22%
 Total Expenses Before Depreciation	 585,478	 59,223	 484,838	 546,085	 106,908	 157,000	 89,507	 2,029,039	 99.87%
Depreciation	292	171	502	939	54	269	340	2,567	0.13%
 <b>Total</b>	 <b>\$ 585,770</b>	 <b>\$ 59,394</b>	 <b>\$ 485,340</b>	 <b>\$ 547,024</b>	 <b>\$ 106,962</b>	 <b>\$ 157,269</b>	 <b>\$ 89,847</b>	 <b>\$ 2,031,606</b>	 <b>100.00%</b>
 <b>Percent of Total</b>	 <b>28.83%</b>	 <b>2.92%</b>	 <b>23.89%</b>	 <b>26.93%</b>	 <b>5.26%</b>	 <b>7.74%</b>	 <b>4.42%</b>	 <b>100.00%</b>	

See accompanying notes to the financial statements.

# Alzheimer's Disease International

## Statement of Functional Expenses

For the Year Ended June 30, 2015

	2015								Percent of Total
	Program Services					Support Services			
	Conference	Information	Member Support & Development	Promotion and Awareness	Research	General Administration	Fund Raising	Total	
Salaries and Related Expenses	\$ 62,640	\$ 35,316	\$ 102,305	\$ 190,425	\$ 12,137	\$ 81,827	\$ 70,233	\$ 554,883	24.92%
Grants to Members	2,000	-	65,285	2,500	-	-	-	69,785	3.13%
Regional Office Support	-	-	118,928	-	-	-	-	118,928	5.34%
Dues Forgiveness - Hardship	-	-	1,614	-	-	-	-	1,614	0.07%
Occupancy	5,799	3,269	9,514	17,770	1,123	5,833	6,534	49,842	2.24%
Printing	608	9,727	281	48,192	49	7,642	921	67,420	3.03%
Postage and Delivery	4,780	7,452	67	18,471	11	2,966	82	33,829	1.52%
Insurance	191	95	318	572	32	1,778	191	3,177	0.14%
Office Expense and Miscellaneous	1,636	396	1,763	2,827	131	7,390	2,557	16,700	0.75%
Telephone and Internet	1,123	375	1,249	3,324	125	6,996	818	14,010	0.63%
Professional Fees	113,852	1,058	2,306	158,169	223	12,477	1,337	289,422	13.00%
Bad Debt	-	-	-	-	-	13,472	-	13,472	0.61%
Conferences and Meetings Including Travel and Accommodations	719,567	56	54,102	212,518	19	1,051	2,502	989,815	44.46%
 Total Expenses Before Depreciation	 912,196	 57,744	 357,732	 654,768	 13,850	 141,432	 85,175	 2,222,897	 99.85%
Depreciation	363	204	592	1,102	70	616	407	3,354	0.15%
 <b>Total</b>	 <b>\$ 912,559</b>	 <b>\$ 57,948</b>	 <b>\$ 358,324</b>	 <b>\$ 655,870</b>	 <b>\$ 13,920</b>	 <b>\$ 142,048</b>	 <b>\$ 85,582</b>	 <b>\$ 2,226,251</b>	 <b>100.00%</b>
 <b>Percent of Total</b>	 <b>40.99%</b>	 <b>2.60%</b>	 <b>16.10%</b>	 <b>29.46%</b>	 <b>0.63%</b>	 <b>6.38%</b>	 <b>3.84%</b>	 <b>100.00%</b>	

See accompanying notes to the financial statements.



**Alzheimer's Disease International**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 13,825	\$ 132,810
<u>Adjustments to Reconcile Increase in Net Assets to</u>		
<u>Net Cash Provided by Operating Activities</u>		
Depreciation	2,567	3,354
(Increase) Decrease in:		
Accounts Receivable	(3,316)	302,246
Due from Conference	130,308	(54,521)
Grants and Contributions Receivable	109,014	(116,700)
Prepaid Expenses and Others	19,273	38,559
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(39,566)	(233,206)
Total Adjustments	218,280	(60,268)
Net Cash Provided by Operating Activities	232,105	72,542
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(2,430)	(3,485)
<b>Net Increase in Cash</b>	229,675	69,057
<b>Cash and Cash Equivalents, Beginning of Year</b>	293,312	224,255
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 522,987</b>	<b>\$ 293,312</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Income Taxes	\$ -	\$ -
Cash Paid for Interest	\$ -	\$ -

See accompanying notes to the financial statements.

**Alzheimer's Disease International**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2016 and 2015**

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**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 accordance with accounting principles generally accepted in the United States of America (GAAP).

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants and other contributions that are restricted by the donor are recorded as temporarily restricted support. When a donor restriction is met either because the time restriction has expired or expenditures that satisfy the restriction are made, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Membership Dues

Membership dues are based on the size of the member organization. For 2016 minimum dues ranged from \$11,473 to \$230 and for 2015 from \$11,248 to \$225 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 2016 and 3% for 2015).

Cash and Equivalents

For purposes of the statements of cash flows, ADI considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts Receivable consists of advances and outstanding membership dues which are due within a year or less. Management considers all receivables to be 100% collectible.

Property and Equipment

Property and equipment are carried at cost or at estimated value on date of donation. All purchases in excess of \$270 (£200 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**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, costs have been allocated among the programs and supporting services in a direct functional method, when applicable, and on the basis of proportional use of the service provided as determined by management.

Fair Value Disclosures

The fair value of financial instruments including cash and cash equivalents, grants and other receivables, prepaid expenses and other assets, accounts payable and accrued liabilities approximates the carrying values, principally because of the short maturity of these items.

Financial Statement Presentation

Financial statement presentation follows the recommendation of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-45. Under ASC 958-210-45, ADI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the year ended June 30, 2016 ADI had \$270,694 of unrestricted net assets and \$415,195 of temporarily restricted net assets. For the year ended June 30, 2015 ADI had \$196,644 of unrestricted net assets and \$475,420 of temporarily restricted net assets. ADI had no permanently restricted net assets at either year end.

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.

ADI files an U.S. federal informational tax return. The federal tax return of ADI for tax years 2013, 2014, and 2015 can be subject to examinations by tax authorities, generally for three years after they were filed. ADI recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At June 30, 2016 and 2015 there was no interest or penalties relating to income taxes recognized in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Subsequent Events

Management has evaluated subsequent events through February 8, 2017, the date the financial statements were available to be issued.

**Alzheimer's Disease International**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 2 – 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, 2016 and 2015, the allowance for doubtful accounts was \$30,000 and \$10,000 respectively.

**Note 3 – Due from Conference**

ADI entered into a contract for the planning, administration, and organization of the Annual International Conference. As of June 30, 2015, ADI was owed \$130,308 in proceeds from the 2015 Annual International Conference from the conference organizer. As of June 30, 2016, all conference proceeds had been received from the conference organizers.

**Note 4 – Reserve**

The Board of Directors has determined that a reserve of approximately 6 to 8 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 \$750,000 per year resulting in a desired reserve of \$375,000 to \$500,000.

**Note 5 – Major Support**

ADI received approximately 66% in 2016 and 65% in 2015 of its dues revenues from two member organizations. Major gifts totaling approximately \$538,000 were received from two sources in 2016 and totaling approximately \$627,000 were received from two sources in 2015.

**Note 6 – In-Kind Contributions**

A nominal amount in expenses for telephone and related costs of the Chairman of ADI were contributed directly by the Chair in the years ended June 30, 2016 and 2015. 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 2016 and 2015, ADI received a 50% discount from their mailing service which has been recorded in the financial statements.

**Note 7 – Programs**

The major activities of ADI include an annual international conference; printing of educational materials (newsletter, fact sheets and booklets); assistance to members; development of new Alzheimer associations including the Alzheimer University - a program designed to strengthen the work of Alzheimer associations and World Alzheimer's Month. The international conference is coordinated and planned by the association with the assistance of a conference organizer. The 2016 conference was held in Budapest and the 2015 conference was held in Perth.

**Alzheimer's Disease International**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2016 and 2015**

**Note 7 – Programs (Continued)**

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

	<u>2016</u>	<u>2015</u>
<b>Support and Revenue</b>		
Registration, Accommodations and Tours	\$ 391,163	\$ 550,326
Sponsors and Contributions	<u>338,249</u>	<u>322,507</u>
<b>Total Support and Revenue</b>	<u>729,412</u>	<u>872,833</u>
<b>Expenses</b>		
Grants	11,469	2,000
Venue Costs	405,843	592,685
Professional Conference Administration	62,673	111,194
Conference Host	2,472	14,941
Other Conference Costs	<u>103,313</u>	<u>191,739</u>
<b>Total Expenses</b>	<u>585,770</u>	<u>912,559</u>
<b>Net Conference Contribution (Loss)</b>	<u>\$ 143,642</u>	<u>\$ (39,726)</u>

**Note 8 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are comprised of the following:

	<u>2016</u>	<u>2015</u>
<b>Restricted Grants for</b>		
Alzheimer University	\$ 25,000	\$ 75,273
Member Support	40,195	135,000
World Alzheimer's Month	-	31,942
Various Alzheimer Reports	40,000	30,000
Regional Support	300,000	78,000
Global Alliances	-	94,495
Future Periods	10,000	-
Other Programs	<u>-</u>	<u>30,710</u>
<b>Total</b>	<u>\$ 415,195</u>	<u>\$ 475,420</u>

**Alzheimer's Disease International**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 9 – Commitment for Conference and Coordinator**

ADI has entered into contracts for the planning, administration, and organization of the Annual Congresses through 2017. Minimum annual fees were approximately \$30,000 for 2016 and \$184,000 for 2017.

In addition, ADI has entered into venue commitments for the 2017 conference in Kyoto Japan with a minimum revenue guarantee of approximately \$185,000. This contract can be cancelled up to 3 months in advance of the conference with a 50% cancellation fee of approximately \$95,000.

**Note 10 – Lease Commitment**

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 June 30, 2016 and 2015 including cleaning, maintenance, and utilities was \$48,662 and \$49,842, respectively.

The minimum future lease payments are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2017	\$ 31,325
2018	32,570
2019	33,029
2020	<u>19,267</u>
<b>Total</b>	<u><u>\$ 116,191</u></u>

**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 £75,000 at each UK financial institution. As of June 30, 2016, the combined uninsured balance was \$163,150. ADI has not experienced any loss in these accounts. ADI believes it is not exposed to any significant credit risk on its cash balance.