

# Alzheimer's Disease International

Financial Statements

Years ended June 30, 2018 and 2017



**WIPFLI**<sup>LLP</sup>  
CPAs and Consultants



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Alzheimer's Disease International (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease International as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

*Wipfli LLP*

April 3, 2019  
Lincolnshire, Illinois

## Alzheimer's Disease International Statements of Financial Position

<i>Year Ended June 30,</i>	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Current Assets:</b>						
Cash	\$ 687,999	\$ -	\$ 687,999	\$ 335,388	\$ -	\$ 335,388
Accounts receivable	3,101	-	3,101	697	-	697
Grants and contributions receivable - Net of allowance for uncollectible accounts of \$10,000	52,500	201,313	253,813	-	299,262	299,262
Prepaid expenses and others	174,972	-	174,972	20,308	-	20,308
Interfund balance	(265,095)	265,095	-	(109,944)	109,944	-
<b>Total Current Assets</b>	<b>653,477</b>	<b>466,408</b>	<b>1,119,885</b>	<b>246,449</b>	<b>409,206</b>	<b>655,655</b>
<b>Property and Equipment:</b>						
Furniture & equipment	46,414	-	46,414	41,771	-	41,771
Less - Accumulated depreciation	(40,331)	-	(40,331)	(37,882)	-	(37,882)
<b>Net Property and Equipment</b>	<b>6,084</b>	<b>-</b>	<b>6,084</b>	<b>3,889</b>	<b>-</b>	<b>3,889</b>
<b>TOTAL ASSETS</b>	<b>\$ 659,561</b>	<b>\$ 466,408</b>	<b>\$ 1,125,969</b>	<b>\$ 250,338</b>	<b>\$ 409,206</b>	<b>\$ 659,544</b>
<b>Current Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 120,300	\$ -	\$ 120,300	\$ 218,555	\$ -	\$ 218,555
Deferred Revenue	395,082	-	395,082	-	-	-
<b>Total Current Liabilities</b>	<b>515,382</b>	<b>-</b>	<b>515,382</b>	<b>218,555</b>	<b>-</b>	<b>218,555</b>
<b>Net Assets</b>	<b>91,679</b>	<b>518,908</b>	<b>610,587</b>	<b>31,783</b>	<b>409,206</b>	<b>440,989</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 607,061</b>	<b>\$ 518,908</b>	<b>\$ 1,125,969</b>	<b>\$ 250,338</b>	<b>\$ 409,206</b>	<b>\$ 659,544</b>

## Alzheimer's Disease International Statements of Activities and Changes in Net Assets

Year Ended June 30,	2018				2017			
	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	\$ 430,339	\$ -	\$ 430,339	29.86%	\$ 425,526	\$ -	\$ 425,526	16.19%
Contributions and grants	407,352	515,020	922,372	64.00%	199,539	509,811	709,350	26.99%
Conference revenue (note 6)	-	-	-	0.00%	1,480,918	-	1,480,918	56.36%
Institutional funding	93,805	-	93,805	6.51%	-	-	-	0.00%
Interest and other	618	-	618	0.04%	1,311	-	1,311	0.05%
In-kind contributions	1,577	-	1,577	0.11%	7,237	-	7,237	0.28%
Gain (Loss) on Currency Exchange Transactions	(7,522)	-	(7,522)	-0.52%	3,601	-	3,601	0.14%
Loss on sale of property and equipment	9	-	9	0.00%	(161)	-	(161)	-0.01%
<b>Net assets released from restrictions:</b>								
Satisfaction of program restrictions	405,318	(405,318)	-	0.00%	515,800	(515,800)	-	0.00%
<b>Total support and revenue and assets released from restrictions</b>								
	1,331,496	109,702	1,441,198	100.00%	2,633,771	(5,989)	2,627,782	100.00%
<b>Expenses:</b>								
<b>Program services:</b>								
Conference	103,272	-	103,272	7.17%	1,569,826	-	1,569,826	59.74%
Information	35,371	-	35,371	2.45%	42,317	-	42,317	1.61%
Member support and development	390,175	-	390,175	27.07%	473,743	-	473,743	18.03%
Promotion and awareness	327,918	-	327,918	22.75%	520,667	-	520,667	19.81%
Research	87,619	-	87,619	6.08%	37,418	-	37,418	1.42%
<b>Total Program Services</b>								
	944,355	-	944,355	65.53%	2,643,971	-	2,643,971	100.62%
<b>Support services:</b>								
General and administration	222,211	-	222,211	15.42%	170,162	-	170,162	6.48%
Fund raising	105,034	-	105,034	7.29%	58,549	-	58,549	2.23%
<b>Total Support Services</b>								
	327,245	-	327,245	22.71%	228,711	-	228,711	8.70%
<b>Total Expenses</b>								
	1,271,600	-	1,271,600	88.23%	2,872,682	-	2,872,682	109.32%
Change in net assets	59,896	109,702	169,598	11.77%	(238,911)	(5,989)	(244,900)	-9.32%
Net assets, beginning of year	31,783	409,206	440,989		270,694	415,195	685,889	
Net assets, end of year	\$ 91,679	\$ 518,908	\$ 610,587		\$ 31,783	\$ 409,206	\$ 440,989	

## Alzheimer's Disease International Statement of Functional Expenses

Year Ended June 30,

2018

	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	\$ 80,719	\$ 29,660	\$ 108,791	\$ 119,693	\$ 76,353	\$ 95,469	\$ 58,122	\$ 568,807	44.73%
Grants to members	-	-	50,250	8,000	-	-	-	58,250	4.58%
Regional office support	-	-	66,465	-	-	25,000	-	91,465	7.19%
Dues forgiveness - Hardship	-	-	-	-	-	-	-	-	0.00%
Occupancy	7,020	2,580	9,462	10,410	6,641	8,660	5,055	49,828	3.92%
Printing	-	1,847	1,345	14,973	-	1,585	-	19,750	1.55%
Postage and delivery	11	-	1,882	801	-	1,472	-	4,166	0.33%
Insurance	-	-	-	-	-	5,209	-	5,209	0.41%
Office expense and miscellaneous	1,767	643	2,985	5,658	2,451	27,741	3,243	44,488	3.50%
Telephone and internet	1,746	641	3,838	2,962	1,651	4,264	1,257	16,359	1.29%
Professional fees	-	-	66,823	90,025	-	32,753	35,256	224,857	17.68%
Bad debt	-	-	-	-	-	13,354	-	13,354	1.05%
Conferences and meetings including travel and accommodations	12,009	-	78,334	75,396	523	3,452	2,101	171,815	13.51%
<b>Total expenses before depreciation</b>	<b>103,272</b>	<b>35,371</b>	<b>390,175</b>	<b>327,918</b>	<b>87,619</b>	<b>218,959</b>	<b>105,034</b>	<b>1,268,348</b>	<b>99.74%</b>
Depreciation	-	-	-	-	-	3,252	-	3,252	0.26%
<b>Total</b>	<b>\$ 103,272</b>	<b>\$ 35,371</b>	<b>\$ 390,175</b>	<b>\$ 327,918</b>	<b>\$ 87,619</b>	<b>\$ 222,211</b>	<b>\$ 105,034</b>	<b>\$ 1,271,600</b>	<b>100.00%</b>
<b>Percent of total</b>	<b>8.12%</b>	<b>2.78%</b>	<b>30.68%</b>	<b>25.79%</b>	<b>6.89%</b>	<b>17.47%</b>	<b>8.27%</b>	<b>100.00%</b>	

## Alzheimer's Disease International Statement of Functional Expenses

	2017								
	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	\$ 58,459	\$ 26,133	\$ 102,522	\$ 159,185	\$ 4,292	\$ 32,097	\$ 47,212	\$ 429,900	14.97%
Grants to members	4,750	-	97,384	58,196	32,505	6,920	-	199,755	6.95%
Regional office support	-	-	130,135	62,500	-	5,000	-	197,635	6.88%
Dues forgiveness - Hardship	-	-	-	-	-	1,410	-	1,410	0.05%
Occupancy	5,853	2,701	10,356	16,659	451	4,052	4,953	45,025	1.57%
Printing	142,398	8,900	1,006	19,351	-	2,202	827	174,683	6.08%
Postage and delivery	6,219	3,565	3,475	6,815	-	1,062	215	21,350	0.74%
Insurance	-	-	-	-	-	1,644	-	1,644	0.06%
Office expense and miscellaneous	58,806	471	2,565	6,644	79	9,544	864	78,974	2.75%
Telephone and internet	1,831	547	2,390	4,326	91	3,966	1,676	14,827	0.52%
Professional fees	397,542	-	4,483	109,248	-	79,506	2,692	593,470	20.66%
Bad debt	-	-	-	-	-	14,274	-	14,274	0.50%
Conferences and meetings including travel and accommodations	893,968	-	119,427	77,743	-	5,472	110	1,096,721	38.18%
<b>Total expenses before depreciation</b>	<b>1,569,826</b>	<b>42,317</b>	<b>473,743</b>	<b>520,667</b>	<b>37,418</b>	<b>167,149</b>	<b>58,549</b>	<b>2,869,669</b>	<b>99.90%</b>
Depreciation	-	-	-	-	-	3,013	-	3,013	0.10%
<b>Total</b>	<b>\$ 1,569,826</b>	<b>\$ 42,317</b>	<b>\$ 473,743</b>	<b>\$ 520,667</b>	<b>\$ 37,418</b>	<b>\$ 170,162</b>	<b>\$ 58,549</b>	<b>\$ 2,872,682</b>	<b>100.00%</b>
Percent of total	54.66%	1.47%	16.49%	18.12%	1.30%	5.92%	2.04%	100.00%	

# Alzheimer's Disease International

## Statements of Cash Flows

<i>Year Ended June 30,</i>	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ 169,598	\$ (244,900)
Adjustments to reconcile increase in net assets to		
Net cash from operating activities:		
Depreciation	3,252	3,013
Loss on sale of property and equipment	(9)	161
Changes in operating assets and liabilities:		
Accounts receivable	(2,404)	5,780
Grants and contributions receivable	45,449	18,947
Prepaid expenses and others	(154,665)	28,332
Accounts payable and accrued liabilities	(98,255)	3,863
Deferred revenue	395,082	-
Total adjustments	188,450	60,096
Net cash from operating activities	358,048	(184,804)
Cash flows from investing activities		
Proceeds from sale of property and equipment	410	452
Purchase of property and equipment	(5,847)	(3,247)
Net cash from investing activities	(5,437)	(2,795)
Change in cash	352,611	(187,599)
Cash at beginning of year	335,388	522,987
Cash at end of year	\$ 687,999	\$ 335,388

# Alzheimer's Disease International

## Notes to Financial Statements

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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 conformity with accounting principles generally accepted in the United States (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 2018 minimum dues ranged from \$235 to \$11,702 for 2017 from \$230 to \$11,473 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 2018 and 2017).

#### Accounts Receivable

Accounts Receivable consists of advances and outstanding membership dues which are due within a year or less.

#### Property and Equipment

Property and equipment are carried at cost or at estimated value on date of donation. All purchases in excess of \$674 (£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 Financial Statements

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

#### **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.

#### **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 Measurements**

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

#### **Financial Statement Presentation**

Under GAAP, 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, 2018 ADI had \$91,679 of unrestricted net assets and \$518,908 of temporarily restricted net assets. For the year ended June 30, 2017 ADI had \$31,783 unrestricted net assets and \$409,206 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 return. The federal return of ADI for tax years 2016 2017 and 2018 an 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, 2018 and 2017 there was no interest or penalties relating to income taxes recognized in the statement of activities.

# Alzheimer's Disease International

## Notes to Financial Statements

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

#### 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 April 3, 2019, the date the financial statements were available to be issued.

#### New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 606, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASC 606.

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. FASB ASC Topic 842, *Leases ("ASC 842")*, supersedes current lease requirements in FASB ASC Topic 840, *Leases*. When adopted, the amendments in the ASU must be applied using a modified retrospective approach, with certain practical expedients available. The new standard is effective for nonpublic companies for annual periods beginning after December 15, 2019. The Company is currently evaluating the impact of the provisions of ASC 842.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. Alzheimer's Disease International is still evaluating the impact of the provisions of ASU Topic 958.

# Alzheimer's Disease International

## Notes to Financial Statements

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

#### **Deferred Revenue**

Deferred revenue relates to the conference to be held in the next financial year.

### **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, 2018 and 2017, the allowance for doubtful accounts was \$10,000.

### **Note 3: 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 4: Major Support**

ADI received approximately 66% in 2018 and 65% in 2017 of its dues revenues from two member organizations. Major gifts totaling approximately \$222,069 was received from one source in 2018 .

### **Note 5: In-Kind Contributions**

A nominal amount in expenses for telephone and related costs of the Chair of ADI were contributed directly by the Chair in the years ended June 30, 2018 and 2017. 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 2018 and 2017, ADI received a 50% discount from their mailing service which has been recorded as an inkind contribution in the financial statements.

# Alzheimer's Disease International

## Notes to Financial Statements

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### Note 6: Programs

The major activities of ADI include a biennial international conference; printing of educational materials (newsletter, fact sheets and booklets); assistance to members; development of new Alzheimer associations including the Alzheimer University - a program designed to strengthen the work of Alzheimer associations and World Alzheimer's Month. The international conference is coordinated and planned by the association with the assistance of a conference organizer. There was no conference in the year ended June 30, 2018 and the 2017 conference was held in Kyoto, Japan.

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

	2017
Support and revenue:	
Registration, accommodations and tours	\$ 967,805
Sponsors and contributions	513,113
Total support and revenue	1,480,918
Expenses:	
Salaries and related expenses	58,459
Grants	4,750
Venue costs	475,779
Professional conference administration	397,542
Conference host	16,992
Other conference costs	616,304
Total expenses	1,569,826
Net conference loss	\$ (88,908)

# Alzheimer's Disease International

## Notes to Financial Statements

### Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following:

Temporarily Restricted Net Assets	2018	2017
Restricted grants for:		
Alzheimer University	\$ 30,994	\$ 50,000
Clinical trials	30,024	50,024
World Alzheimer's Month	15,000	45,000
Regional support	235,030	213,015
Global alliances and other	32,860	13,667
Future periods	175,000	37,500
Total	\$ 518,908	\$ 409,206

### Note 8: Commitment for Conference and Coordinator

ADI has not entered into any contracts for the planning, administration and organization for the Annual Conference in Chicago in July 2018 or future conferences. There are contracts for the venue and accommodation for the Chicago Conference with minimum revenue guarantees of approximately \$180,000.

### Note 9: Lease Commitments

ADI entered into an office space lease dated February 9, 2015 and ending January 30, 2020. Minimum annual rentals were approximately \$29,097 for the first year, \$30,670 for the second year, \$32,242 for the third year, and \$33,029 for the last two years. The monthly rent includes a service charge for cleaning, maintenance and utilities. Occupancy expense for the years ended June 30, 2018 and 2017 including cleaning, maintenance, and utilities was \$49,828 and \$45,025, respectively.

The minimum future lease payments are as follows:

<i>Years Ending June 30</i>	Amount
2019	\$ 33,029
2020	19,267
Total	\$ 52,296

# Alzheimer's Disease International

## Notes to Financial Statements

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