ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2017

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

CONTENTS

Independent Auditors' Report

Board of Directors
Alzheimer's Disease Resource Center, Inc.

We have audited the accompanying financial statements of Alzheimer's Disease Resource Center, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider 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.

Katz, Sapper & Miller, LLP
Certified Public Accountants

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Disease Resource Center, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Katz, Sapper & Miller, LLP

New York, New York
May 11, 2018

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2017

ASSETS

CURRENT ASSETS	
Cash	$ 125,683
Receivables:	
Grants	387,200
Pledges receivable	30,411
Prepaid expenses and other assets	24,238
Investments	1,231
Total Current Assets	568,763
PROPERTY AND EQUIPMENT, net	1,101,320
OTHER ASSETS	
Intangible assets, net	1,502
Security deposits	6,020
Total Other Assets	7,522
TOTAL ASSETS	$ 1,677,605

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 262,793
Accrued expenses	3,823
Deferred revenue	42,955
Current maturities of long-term debt	11,065
Total Current Liabilities	320,636
LONG-TERM LIABILITIES	
Long-term debt, less current maturities	234,780
Total Liabilities	555,416
NET ASSETS	
Unrestricted	784,989
Temporarily restricted	337,200
Total Net Assets	1,122,189
TOTAL LIABILITIES AND NET ASSETS	$ 1,677,605

See accompanying notes.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants		$ 387,200	$ 387,200
Fundraising events	$ 348,031		348,031
Less: Direct fundraising expenses	(95,929)		(95,929)
Contributions	141,714	2,500	144,214
Education conference	50,892		50,892
Art education event	26,797		26,797
In-kind contributions	9,615		9,615
Realized and unrealized gain on investments	125		125
Net assets released from restrictions	172,500	(172,500)	
Total Revenue and Support	653,745	217,200	870,945
EXPENSES			
Program services	561,709		561,709
Management and general	143,258		143,258
Fundraising	61,668		61,668
Total Expenses	766,635		766,635
INCREASE (DECREASE) IN NET ASSETS	(112,890)	217,200	104,310
NET ASSETS			
Beginning of Year	897,879	120,000	1,017,879
End of Year	$ 784,989	$ 337,200	$ 1,122,189

See accompanying notes.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Total
Salaries	$ 225,828	$ 12,546	$ 12,546	$ 250,920
Payroll taxes	20,956	1,164	1,164	23,284
Employee benefits	13,732	763	763	15,258
Total Salaries and Related Expenses	260,516	14,473	14,473	289,462
Contract labor	6,419	185	184	6,788
Professional fees	24,993	40,746		65,739
Rent	13,738	763	763	15,264
Travel	6,413	356	357	7,126
Telephone	13,115	729	729	14,573
Supplies	18,904	1,050	1,051	21,005
Education and training	3,938	219	219	4,376
Event location expenses	41,323		-	72,121
Insurance	17,162	953	953	19,068
Interest	13,988	777	777	15,542
Repairs and maintenance		19,596		19,596
Marketing	22,702		37,116	59,818
Information technology	7,771	432	432	8,635
Dues and subscriptions	2,075	115	115	2,305
Postage	8,436	469	469	9,374
Bad debt expense		58,365		58,365
Advocacy	20,190			20,190
Food	8,487	83	83	8,652
Utilities	12,776	710	710	14,196
Bank and credit card processing fees	18,976	1,054	1,054	21,084
Research grant	500			500
Depreciation and amortization	39,287	2,183	2,183	43,653
TOTAL EXPENSES	$ 561,709	$ 143,258	$ 61,668	$ 766,635

See accompanying notes.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2017

OPERATING ACTIVITIES	
Increase in net assets	$ 104,310
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	43,517
Amortization	136
Realized and unrealized (gain) on investments	(125)
(Increase) decrease in certain current assets:	
Prepaid expenses and other assets	(7,721)
Pledges receivable	114,814
Grants receivable	(128,835)
Increase (decrease) in certain current liabilities:	
Accounts payable	143,402
Accrued expenses	(116,771)
Deferred revenue	(9,868)
Net Cash Provided By Operating Activities	142,859
FINANCING ACTIVITIES	
Principal payments on mortgage note payable	(10,667)
Bank overdraft	(19,752)
Net Cash Used By Financing Activities	(30,419)
NET INCREASE IN CASH	112,440
CASH	
Beginning of Year	13,243
End of Year	$ 125,683
SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	$ 15,542

See accompanying notes.

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Alzheimer's Association, Long Island Chapter, Inc. (the Chapter), incorporated in the State of New York in September 1983, was a local chapter of the National Alzheimer's Disease and Related Disorders Association, Inc. (National). On October 24, 2012, the Board of Directors of the Chapter voted unanimously to disaffiliate from the National Alzheimer's Association and to change its name from Alzheimer's Association, Long Island Chapter, Inc. to Alzheimer's Disease Resource Center, Inc. (the Organization).

The Organization continues to support research to find a cure for Alzheimer's disease. The Organization also provides care, support and education programs for families in need, to be the voice for families who are coping with Alzheimer's disease and/or other dementias, and strives to increase the public's awareness about the disease.

Basis of Presentation: The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and classify the Organization's activities and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- ***Unrestricted Net Assets*** represent unrestricted resources available to support the Organization's operations.

- ***Temporarily Restricted Net Assets*** represent gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Organization pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash consists of cash on hand or in demand deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

Grants and Pledges Receivable consist of unconditional promises to give that are expected to be collected in future years and grants classified as conditional promises to the extent that conditions have been met but reimbursement from the grantor has not yet been received. Pledges and grants receivable are reported as temporarily restricted support unless explicit donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities of the current period.

The Organization considers all pledges and grants receivable to be fully collectible as of June 30, 2017; accordingly, no allowance for doubtful grants and pledges has been provided. If amounts become uncollectible, they are charged to operations when that determination is made. During the year ended June 30, 2017, the Organization had bad debt expense of $58,365.

Investment Valuation and Income Recognition: Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method. Realized and unrealized gains and losses on investments are included in the statement of activities.

Property and Equipment: Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Expenditures for normal repairs and maintenance are charged to expense as incurred. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	40 years
Equipment	5-7 years

The Organization's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required during 2017.

Contributions and Grants are recognized as revenue and support when they are received or unconditionally pledged. The Organization reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Conditional contributions are not recorded as support and revenues until the conditions are met. Government contracts are classified as exchange transactions, which are reciprocal transfers between two entities in which goods and services of equal value are exchanged, and are not recognized until services are performed or allowable expenditures are incurred as specified in the contracts. Government contracts and certain other grants are subject to audit by the government or granting agency, and as a result of such audit, adjustments to revenue and support could be required.

In-kind Contributions: Contributions of services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributions of food, equipment, and other goods are recorded at estimated fair value when received.

Special Event Revenue, including related sponsorship revenue and other contributions, is recognized upon occurrence of the event. Revenue and support received for events occurring subsequent to the statement of financial position date is reflected as deferred revenue.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on space occupied, time spent by Organization staff, or other estimates made by the Organization's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs are expensed as incurred. Advertising expenses totaled $59,818 for the year ended June 30, 2017.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization files U.S. federal and New York information tax returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2014.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through May 11, 2018, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. Also included in Level 3 are assets measured using a practical expedient that can never be redeemed at the practical expedient.

Following is a description of the valuation methodology used by the Organization for assets that are measured at fair value on a recurring basis. There have been no changes in the methodology used at June 30, 2017.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

For those assets measured at fair value, management determines the fair value measurement policies and procedures in consultation with the Organization's finance committee. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2017:

	Level 1	**Total**
Common stock	$1,231	$1,231
Total Investments	$1,231	$1,231

At June 30, 2017, the Organization had no other assets and no liabilities that are measured at fair value on a recurring basis.

NOTE 3 - GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable were as follows at June 30, 2017:

Unrestricted	$ 80,411
Temporarily restricted:	
Operating purposes – time restrictions	150,000
Investment in property and equipment	187,200
Total temporarily restricted	337,200
Total Grants and Pledges Receivable, net	$417,611
Expected to be collected in:	
Less than one year	$417,611

All grants and pledges receivable are collectible in one year; therefore, no discount has been applied.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2017:

Building	$1,010,387
Building Improvements	62,515
Land	120,000
Land Improvements	59,430
Office/Computer Equipment	58,660
Leasehold Improvements	600
Office Furniture	85,168
Computer Software	11,211
	1,407,971
Less: Accumulated Depreciation	306,651
Property and Equipment, net	$1,101,320

Depreciation expense for the period ended June 30, 2017 totaled $43,517.

NOTE 5 - DEBT AND CREDIT ARRANGEMENTS

On June 20, 2011, the Organization entered into a mortgage agreement with a bank in the amount of $300,000. The note is payable in 240 installments of $2,154. On the tenth anniversary of the mortgage, the principal balance will be $195,037 and the Organization has the option to either re-finance the mortgage or to pay off the balance. The note is collateralized by the real estate. As of June 30, 2017, long-term debt consisted of the following:

Mortgage Payable (see above)	$ 245,845
Less: Current maturities	(11,065)
Long-term Debt	$ 234,780

NOTE 5 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

The following is a summary of future maturities on the mortgage payable as of June 30, 2017:

Payable In Fiscal Year June 30,	Principal
2018	$ 11,065
2019	11,763
2020	12,506
2021	13,296
2022	14,135
Thereafter	183,080
	$ 245,845

NOTE 6 - NET ASSETS

Temporarily Restricted Net Assets

Temporarily Restricted net assets consisted of the following as of June 30, 2017:

Purpose Restricted - NYS Department of Health	$ 150,000
Purpose Restricted - NYS Dormitory Authority Grant	187,200
Total Temporarily Restricted Net Assets	$ 337,200

Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors were comprised of $2,500 for legal expenses and $170,000 from the NYS Department of Health for the year ended June 30, 2017.

NOTE 7 - RETIREMENT PLAN

The Organization sponsors a non-contributory plan available for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the plan. The Organization made no contributions to the plan in 2017.

NOTE 8 - CONCENTRATIONS

The Organization receives a substantial amount of support from government grants. A substantial reduction in support from these sources may have a significant impact on the Organization’s programs and operations. Revenue from government grants and contracts was 40% of total revenue and support for the year ended June 30, 2017.

NOTE 9 - RENT COMMITMENTS

The Organization has a long-term noncancellable operating lease which expires June 30, 2018 and generally provides for the lessee to only pay insurance on the leased property. Rental expense totaled $15,264. Future minimum required payments for the noncancellable operating lease are $16,200, payable in fiscal year ended June 30, 2018.