

ALZHEIMER'S DISEASE RESOURCE CENTER, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

GETTRYMARCUS



Alzheimer's Disease Resource Center, Inc.

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Year Ended June 30, 2021

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Independent Auditor's Report

To the Board of Directors
Alzheimer's Disease Resource Center, Inc.
New York, NY

We have audited the accompanying financial statements of Alzheimer's Disease Resource Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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.

Auditor's 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 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 Resource Center, Inc. as of June 30, 2021, 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.

GETTRY MARCUS CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
July 14, 2022

Alzheimer's Disease Resource Center, Inc.
Statement of Financial Position
June 30, 2021

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 111,311	\$ 31,267	\$ 142,578
Grants receivable	481,500	-	481,500
Contributions receivable	3,900	-	3,900
Prepaid expenses and other assets	8,812	-	8,812
	<hr/>	<hr/>	<hr/>
Total current assets	605,523	31,267	636,790
Other assets			
Property and equipment - net of accumulated depreciation of \$460,048	1,115,339	-	1,115,339
Intangible assets - net of accumulated amortization of \$1,158	2,463	-	2,463
Security deposits	6,020	-	6,020
	<hr/>	<hr/>	<hr/>
Total other assets	1,123,822	-	1,123,822
	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,729,345	\$ 31,267	\$ 1,760,612
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 46,186	\$ -	\$ 46,186
Deferred revenue	12,650	-	12,650
Note payable - Paycheck Protection Program	60,000	-	60,000
Mortgage payable	188,239	-	188,239
	<hr/>	<hr/>	<hr/>
Total liabilities	307,075	-	307,075
Net Assets			
Without donor restrictions	1,422,270	-	1,422,270
With donor restrictions	-	31,267	31,267
	<hr/>	<hr/>	<hr/>
Total Net Assets	1,422,270	31,267	1,453,537
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	\$ 1,729,345	\$ 31,267	\$ 1,760,612
	<hr/>	<hr/>	<hr/>

Alzheimer's Disease Resource Center, Inc.
Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 171,881	\$ 4,300	\$ 176,181
Grants	-	256,500	256,500
Special events, net	108,574	-	108,574
Education conference	53,715	-	53,715
Program fees	7,850	-	7,850
Paycheck Protection Program loan forgiveness	82,000	-	82,000
Other income	23,994	-	23,994
Total revenue and support	448,014	260,800	708,814
Net assets released from restrictions	485,800	(485,800)	-
Total revenue, support and reclassifications	933,814	(225,000)	708,814
Functional expenses			
Program services	438,412	-	438,412
Supporting services			
Management and general	134,598	-	134,598
Fundraising	30,157	-	30,157
Total supporting services	164,755	-	164,755
Total functional expenses	603,167	-	603,167
Increase (decrease) in net assets	330,647	(225,000)	105,647
Net assets - Beginning of year	1,091,623	256,267	1,347,890
Net assets - End of year	\$ 1,422,270	\$ 31,267	\$ 1,453,537

Alzheimer's Disease Resource Center, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	<u>Supporting Services</u>				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Functional Expenses</u>
Salaries	\$ 228,098	\$ 40,640	\$ 17,458	\$ 58,098	\$ 286,196
Payroll taxes	17,742	3,161	1,358	4,519	22,261
Employee benefits	5,463	974	418	1,392	6,855
Total salaries and related expenses	<u>251,303</u>	<u>44,775</u>	<u>19,234</u>	<u>64,009</u>	<u>315,312</u>
Professional fees	-	62,395	-	62,395	62,395
Rent	9,825	-	-	-	9,825
Travel	428	23	24	47	475
Telephone	11,710	2,086	896	2,982	14,692
Supplies and program expenses	15,005	-	-	-	15,005
Education and training	15,842	-	-	-	15,842
Insurance	14,797	3,699	-	3,699	18,496
Interest	8,835	2,209	-	2,209	11,044
Repairs and maintenance	12,898	3,225	-	3,225	16,123
Marketing	1,167	-	1,165	1,165	2,332
Information technology	22,885	4,077	1,752	5,829	28,714
Dues and subscriptions	103	40	16	56	159
Contracted Services	2,405	-	-	-	2,405
Postage and shipping	786	175	786	961	1,747
Advocacy	22,333	-	-	-	22,333
Office and miscellaneous expenses	9,087	1,619	696	2,315	11,402
Utilities	7,164	1,791	-	1,791	8,955
Bank and credit card processing fees	699	699	5,588	6,287	6,986
Depreciation and amortization	31,140	7,785	-	7,785	38,925
Total expenses	<u>\$ 438,412</u>	<u>\$ 134,598</u>	<u>\$ 30,157</u>	<u>\$ 164,755</u>	<u>\$ 603,167</u>

See independent auditor's report and notes to financial statements.

Alzheimer's Disease Resource Center, Inc.
Statement of Cash Flows
Year Ended June 30, 2021

Cash flows from operating activities	
Increase in net assets	<u>\$ 105,647</u>
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation and amortization	38,925
Paycheck Protection Program loan forgiveness	(82,000)
(Increase) decrease in operating assets:	
Grants receivable	(256,500)
Contributions receivable	7,090
Prepaid expenses and other assets	(750)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	23,183
Deferred revenue	<u>(25,260)</u>
Total adjustments	<u>(295,312)</u>
Net cash used in operating activities	<u>(189,665)</u>
Cash flows from financing activities	
Principal payments on mortgage payable	(20,992)
Proceeds from Note payable - Paycheck Protection Program	<u>60,000</u>
Net cash provided by financing activities	<u>39,008</u>
Net decrease in cash	(150,657)
Cash - Beginning of year	<u>293,235</u>
Cash - End of year	<u><u>\$ 142,578</u></u>

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 1 – Summary of Organization and Nature of Activities

Organization and Nature of Activities

Alzheimer's Disease Resource Center, Inc. (the Organization) is a non-profit organization incorporated in the state of New York in September 1983. The Organization's mission is to provide care, support and educational programs for families in need, and to be advocates for local families who are coping with Alzheimer's disease and other dementias.

The Organization is supported primarily through donor contributions and grants, as well as its annual event.

Description of Program and Supporting Services

Care, Support and Education

Provides a vital connection to diagnosed individuals and their loved ones through various services that include; a robust schedule of online music and art activities, individual care consultations, or meaningful support groups.

Management and General

Includes the functions necessary to ensure an adequate working environment and to manage the administrative, financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure financial support from individuals, foundations, corporations and government agencies.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The Organization reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires (when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions, Revenues and Expenditures

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give will be recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets will be reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities will be reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

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.

Uninsured Cash Balances

The Organization maintains cash balances at a bank in the New York metropolitan area. Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, such cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it its exposed to any significant credit risk on its cash.

Contributions and Grants Receivable

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for uncollectible accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible accounts and a credit to contributions receivable. There was no allowance for uncollectible accounts at June 30, 2021 and no bad debt expense for the year ended June 30, 2021.

Investment Valuation and Income Recognition

Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. The Organization's investments include \$1,411 of equity securities as of June 30, 2021 and are included in prepaid expenses and other assets on the statement of financial position. The equity securities are Level 1 in the fair value hierarchy, however, as these amounts are not material, additional fair value disclosures are not presented.

Property and Equipment and Depreciation Methods

Property and equipment additions are recorded at cost if purchased. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets, which are as follows:

Buildings and improvements	40 years
Office/computer equipment	5-7 years
Office furniture	5-7 years
Computer software	5-7 years

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets represent the Organization's cost to obtain trademarks and are being amortized on a straight-line basis over 15 years. At June 30, 2021, the trademark costs totaled \$3,621 and accumulated amortization amounted to \$1,158. Related amortization expense was \$171 for the year ended June 30, 2021.

Impairment of Long-Lived Assets

The Organization evaluates whether events or circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was required to be recognized for the year ended June 30, 2021.

Deferred Revenue

Deferred revenue results from the Organization recognizing revenues from events in the period in which the related event is held. Accordingly, fees received in advance are deferred until the event occurs.

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. Volunteers contribute significant amounts of time to the Organization's activities that do not meet recognition criteria and the value of these contributed services is not reflected in the financial statements. Contributions of equipment and other goods are recorded at estimated fair value when received.

Tax-Exempt Status

The Organization has been notified by the Internal Revenue Service that it is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code ("Code"). The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

Functional Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited, using appropriate measurement methodologies. Expenses related to more than one function are allocated among program and supporting services based on occupied space (including insurance, interest, repairs and maintenance, utilities, and depreciation and amortization) or estimated time spent by Organization staff (including salaries and related expenses, telephone, information technology, and office and miscellaneous expenses). Management and general expenses include those that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Financial Instruments

The Organization's financial instruments include cash, contributions receivable, grants receivable, and accounts payable. The recorded values of cash, contributions receivable, grants receivable, and accounts payable approximate their fair values due to their short-term duration.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis. The significant estimates of the Organization include no allowance for uncollectible receivables, estimated lives of property and equipment, and expense allocations.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 8, 2022, the date the financial statements were available to be issued.

Accounting Standards Updates ("ASU")

The Organization has reviewed recently issued ASU's by the Financial Accounting Standards Board ("FASB") and based on that review, has determined that those pronouncements, with the exceptions below, will not have a significant effect on the Organization's financial statements.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces all current U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The topic, which was amended several times since, contains a core principle, that is, to recognize revenues when promised goods or services are transferred to customers in an amount that reflect the consideration to which an entity is expected to be entitled for those goods or services. The ASU defines a five-step process to achieve this core principle and, in so doing, more judgement and estimates may be required within the revenue recognition process than was previously required. This process includes identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocation the transaction to each performance obligation. The ASU is effective for annual periods beginning after December 15, 2019. Entities can use either one of these methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the ASU, or, (b) retrospective with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. The Organization has adopted this ASU effective July 1, 2020, and the adoption had no impact on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 replaced all current U.S. GAAP guidance on this topic. Under ASU 2016-02:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the statement of financial position, with an exception for leases that commence at or near the end of the underlying asset's economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight-line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease.

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

- Allows for an optional transition method to adopt this ASU for comparative financial statement presentations. Under this transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of net assets (deficit) in the year of adoption. Consequently, an entity's reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, Leases) although it will not be consistently applied to both years.

The ASU, as amended, is effective for fiscal years beginning after December 15, 2021.

The Organization is evaluating the impact the adoption of this ASU, as amended, could have on its financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves accounting guidance for contributions received and made. This ASU clarifies (i) the evaluation of transactions that are to be characterized as contributions/grants (nonreciprocal transactions) or as exchange (reciprocal) transactions, and (ii) determining whether a contribution is conditional. The ASU is effective for annual periods beginning after December 15, 2018 for entities that serve as a resource recipient and periods beginning after December 15, 2019 for entities that serve as a resource provider. The adoption of this accounting guidance had no impact on the Organization's financial statements.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intention of this ASU is to increase transparency about nonfinancial gifts in kind, including how they are used and how they are valued. The ASU requires a separate line-item presentation of contributed nonfinancial assets in the statement of activities, apart from the contributions of cash or other financial assets. The ASU requires disclosure of the disaggregation of the amount of nonfinancial gifts in-kind received by category and the organization, and for each category, disclosure of: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; (ii) the not-for-profit's policy about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any related donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure. The ASU is effective for annual reporting periods beginning after June 15, 2021, to be applied on a retrospective basis, and earlier application is permitted. Management has not assessed the impact, if any, this ASU will have on its financial statements.

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 3 – Contributions and Grants Receivable

Contributions and grants receivable consist of unconditional and conditional promises to give that are expected to be collected in the future. Donor restricted contributions and grants are reported as additions to the appropriate donor restricted net assets.

Contributions and grants receivable at June 30, 2021 were for the following purposes:

NYS Department of Health - Alzheimer Work Plan (C34938GG)	\$ 225,000
NYS Department of Health - Alzheimer Work Plan (C36590GG)	224,000
NYS Department of Health - Alzheimer Work Plan (C36600GG)	16,250
NYS Department of Health - Alzheimer Work Plan (C36601GG)	<u>16,250</u>
Grants receivable	481,500
Contributions receivable - General spending	<u>3,900</u>
Total Grants and Contributions Receivable	<u><u>\$ 485,400</u></u>

The Organization was awarded a grant in the amount of \$225,000 during the year ended June 30, 2019, which was included in New York State's final budget for fiscal year 2019-2020 and is being administered by the New York State Department of Health ("DOH"). The grant was a cost-reimbursement grant, whereby payments are disbursed to the Organization only after documentation of services rendered are submitted and approved by DOH. All services included in the grant were performed and documentation was submitted, however, funding was not yet received as of June 30, 2021 and the \$225,000 is included in grants receivable on the Statement of Financial Position. Payment from DOH was subsequently received in full on September 17, 2021.

The Organization was awarded a grant in the amount of \$224,000 during the year ended June 30, 2021, which was included in New York State's final budget for fiscal year 2020-2021 and is being administered by the New York State DOH. The grant is a cost-reimbursement grant, whereby payments are disbursed to the Organization only after documentation of services rendered are submitted and approved by DOH. All services included in the grant were performed and documentation was submitted, however, funding was not yet received as of June 30, 2021 and the \$224,000 is included in grants receivable on the Statement of Financial Position. Payment was subsequently received in full on February 4, 2022.

The Organization was awarded two grants, each in the amount of \$65,000, during the year ended June 30, 2021, which was included in New York State's final budget for fiscal year 2021-2022 and is being administered by the New York State DOH. The grants are cost-reimbursement grants, whereby payments are disbursed to the Organization only after documentation of services rendered are submitted and approved by DOH. The Organization spent \$16,250 from each of these grants as of June 30, 2021, each of which is included in grants receivable on the Statement of Financial Position as of June 30, 2021. Payment was subsequently received in full on May 13, 2022..

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 3 – Contributions and Grants Receivable (continued)

In 2017, the Organization was awarded a grant from the Dormitory Authority of the State of New York ("DASNY") under the Nonprofit Infrastructure Capital Investment Program ("NICIP") in the amount of \$187,200. The proceeds of this grant were to be utilized to construct an Adult Daycare Facility in the building the Organization owned. The facility was never constructed and an allowance for uncollectible receivables was established for the full \$187,200 in prior years. During the year ended June 30, 2021, the Organization determined the facility would not be constructed and decided to write-off the full amount of the grant receivable against the allowance established.

In 2018, the Organization was notified that they were named as a charitable remainder beneficiary of a trust ("Trust") as well as the beneficiary of certain Individual Retirement Accounts ("IRA's") of the same donor. The owner of the Trust and the IRA's passed away on February 24, 2018. The funds received are to be used for the Organization's general charitable purposes. The Organization began receiving distributions of the assets pursuant to the terms of the Trust and the IRA's. The amounts to be received upon final dissolution of the estate could not be reasonably determined. Therefore, the Organization has been recording the contributions as payments are received.

Note 4 – Net Assets – With Donor Restrictions

Donor restricted net assets as of June 30, 2021 were available to support the following:

Subject to expenditure for specified purpose:

Research	\$ 31,051
Art Expression Program	<u>216</u>

Total net assets with donor restrictions	<u><u>\$ 31,267</u></u>
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Net assets released from donor restrictions were for the following purposes for the year ended June 30, 2021:

Subject to expenditure for specified purpose:

NYS Department of Health - Alzheimer Work Plan	\$ 481,500
Mold Remediation	2,300
Virtual Art and Music Program	<u>2,000</u>

Total subject to expenditure for specified purpose	485,800
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Subject to the passage of time:

Time restrictions	<u>-</u>
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Total releases from restrictions	<u><u>\$ 485,800</u></u>
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Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 5 – Property and Equipment

Property and equipment consisted of the following as of June 30, 2021:

Land	\$ 120,000
Buildings and improvements	1,260,493
Office/computer equipment	78,065
Office furniture	85,168
Computer software	<u>31,661</u>
	1,575,387
Less: accumulated depreciation	<u>(460,048)</u>
	<u>\$ 1,115,339</u>

Depreciation expense for the year ended June 30, 2021 amounted to \$38,754.

The Organization was in contract to sell the land, building and improvements as of June 30, 2021. The purchaser has paid a deposit of \$250,000 which is being held in escrow as of June 30, 2021. The escrow is not included in the Organization's financial statement as of June 30, 2021. The closing took place on November 22, 2021. The Organization operated remotely until it entered into a new lease agreement for rented space in May 2022 (see Note 14).

Note 6 – Note Payable – Paycheck Protection Program

On April 29, 2020, the Organization obtained an \$82,000 loan from New York Community Bank. ("Loan") pursuant to the Paycheck Protection Program ("PPP") under the CARES Act, as administered by the U.S. Small Business Administration ("SBA"). In accordance with the PPP and the SBA, the Loan was available to fund designated expenses ("qualifying expenses"). In addition, up to the entire amount of the funded Loan's principal and accrued interest was eligible to be fully or partially forgiven to the extent the Loan proceeds were used for qualifying expenses during specified time periods, and the Organization met certain other qualitative and quantitative thresholds (collectively, "qualifying criteria"). On June 5, 2020 the PPP Flexibility Act ("Flexibility Act") was signed into law, which amended the qualifying criteria.

In December 2020, the CARES Act was further amended by the Economic Aid Act ("EAA"). The EAA allows certain enterprises that previously received a PPP Loan, to apply for a "Second Draw" PPP Loan that contains similar general forgiveness terms as the original PPP Loan. However, the Second Draw contains additional qualifying criteria, such as that an organization must be able to demonstrate that they experienced a 25 percent reduction in gross receipts (as defined by the SBA) in a 2020 calendar quarter compared to the same quarter in 2019. The Organization applied for \$60,000 in Second Draw PPP and received funding in March 2, 2021.

Management has determined that the PPP Loans should be accounted for as debt until forgiven. Accordingly, the forgiveness of the Loans will be recorded as other income entirely in the period(s) that the Organization receives notification from the SBA that the Loans have been forgiven.

Alzheimer's Disease Resource Center, Inc.
Notes to Financial Statements
June 30, 2021

Note 6 – Note Payable – Paycheck Protection Program (continued)

In 2021, Management submitted applications for complete forgiveness, and on April 27, 2021, received notification from the SBA that the application for the original PPP Loan was approved and the \$82,000 PPP Loan was considered fully forgiven. As such, the \$82,000 forgiveness is included in other income on the Statement of Activities for the year ended June 30, 2021. Interest on the loan of \$683 was also forgiven and therefore not recorded.

Subsequent to the statement of financial position date, Management received notification from the SBA that the Organization's forgiveness application for the Second Draw PPP Loan was approved and the \$60,000 PPP Loan was considered to fully forgiven. Accordingly, the \$60,000 will be recorded as other income in the subsequent period. Loan interest in total of \$325 was also forgiven and therefore no interest was accrued on the Loan as of June 30, 2021.

Note 7 – Commitments

Operating Leases

The Organization leases office space in Long Island, New York under a noncancelable lease that expired June 30, 2021. The lease includes two one-year renewal options, the first of which, was executed. Rent expense amounted to \$9,825 for the year ended June 30, 2021.

Note 8 – Special Events

Special events generate revenue for the Organization as well as raise awareness about the Organization's mission. Some events are annual and some are incidental to the Organization's central activities and do not happen regularly. Special events are recorded net of event expenses in the accompanying statement of activities. Changes in net assets without donor restrictions related to these events are as follows:

Special event revenue	\$ 118,817
Less: event expenses	<u>(10,243)</u>
Increase in net assets without donor restrictions	<u>\$ 108,574</u>

Note 9 – Concentrations

As of and for the year ended June 30, 2021, one major donor makes up 93% of contributions and grants receivable and two donors make up 57% of total revenue and support.

Note 10 – Liquidity

As part of its liquidity management, the Organization established a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.

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Note 10 – Liquidity (continued)

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash	\$ 142,578
Grants receivable	481,500
Contributions receivable	<u>3,900</u>
Total financial assets	627,978
Less: those unavailable for general expenditures within one year due to purpose restrictions	<u>(31,267)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 596,711</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date. In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its expenditures through donor contributions, proceeds from annual fundraising events and by utilizing donor-restricted resources from current and prior years.

In addition, as noted previously (see Note 5), the Organization was in contract to sell its building as of June 30, 2021. The closing on the sale of the building took place on November 22, 2021 and the Organization received net sales proceeds of approximately \$1,884,000 (Note 14).

Note 11 – Mortgage Payable

The Organization has a mortgage note ("note") with TD Bank ("bank") in the original amount of \$300,000. The note had a balance of \$188,239 as of June 30, 2021. The note bears interest at 5.94% per annum, is payable in equal monthly installments of \$2,154 covering interest and principal and is collateralized by the land and building. The note was set to mature on June 1, 2021, however, the maturity date on the mortgage was extended by the bank until the Organization closed on the sale of its building. The closing of the sale of the building took place on November 22, 2021 and the note was fully paid off at closing (Note 14).

Note 12 – Simple IRA plan

Effective June 23, 2020, the Organization established a Simple IRA plan for employees who meet the requirements to participate in the plan. The Plan provides for a 1 percent employer matching contribution. Employees are always 100 percent vested in all Simple IRA money. For the year ended June 30, 2021 the employer matching contribution amounted to \$1,440. This amount is included in employee benefits on the statement of functional expenses.

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Note 13 – Risk and Uncertainties

The Organization is dependent upon contributions from the public for its revenue. The ability of the Organization to continue to elicit this level of contribution is dependent upon current and future economic conditions as well as income tax efficiencies.

The coronavirus pandemic (“COVID-19”) has adversely impacted the United States and many other parts of the world. Accordingly, the Organization experienced reductions in contributions and grants from donors as well as special event income. Currently, the Organization has been materially impacted by these consequences (through the date of these financial statements) and there could be a significant adverse impact on the Organization’s future activities as it is impossible to predict the effect COVID-19 will have on the economy.

In response to the COVID-19 outbreak, the Organization has implemented various long-term cost effective measures, cash flow improvement actions, and applied for and received assistance funds from the United States Small Business Administration (“SBA”) under the CARES Act (to provide aid in the form of loans and other potential debt relief options). The Organization has also successfully implemented virtual fundraising events. Given this uncertainty, the Organization is not able to estimate the potential effects of COVID-19 for near and long term purposes.

Note 14 – Subsequent Events

On February 16, 2021, the Organization entered into an agreement to sell its building for \$2,300,000. The sale of the building closed on November 22, 2021 and the Organization received net sales proceeds of approximately \$1,884,000. Additionally, approximately \$191,000 of the proceeds was used to pay off the Organization’s existing mortgage and accrued interest.

On March 25, 2022, the Organization entered into a five-year lease agreement to rent space in East Islip, New York effective May 1, 2022 at annual rentals ranging from approximately \$65,000 to \$103,000.

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 14, 2022, the date the financial statements were available to be issued.