

**ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.**

**(D/B/A CARINGKIND)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.

(D/B/A CARINGKIND)

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Alzheimer's Disease and Related Disorders, New York City, Inc.  
D/B/A CaringKind  
New York, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alzheimer's Disease and Related Disorders, New York City, Inc. (d/b/a CaringKind) ("CaringKind"), which comprise the statements of financial position at June 30, 2020 and 2019, and the related statements of activities, 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.

### **Auditors' 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 of 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 CaringKind at June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 2 to the financial statements, CaringKind adopted Financial Accounting Standards Board ("FASB") Accounting Standards Updates ("ASU") No. 2014-09 and No. 2018-08. Our opinion is not modified with respect to this matter.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York  
October 21, 2020

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,244,109	\$ 929,806
Certificates of deposit	114,930	579,285
Investments	13,894	13,074
Contributions receivable, net of allowance for doubtful accounts of \$7,056 in 2020 and \$6,556 in 2019	180,643	396,189
Accounts receivable	135,525	63,330
Other assets	86,689	63,072
Property and equipment, net	<u>1,419,206</u>	<u>1,648,012</u>
 TOTAL ASSETS	 <u>\$ 3,194,996</u>	 <u>\$ 3,692,768</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 223,013	\$ 187,766
Deferred rent	1,128,112	1,181,409
Annuity payment obligations	19,686	18,356
Paycheck Protection Program loan payable	<u>467,400</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>1,838,211</u>	 <u>1,387,531</u>
 COMMITMENTS AND CONTINGENCIES		
Net assets:		
Without donor restrictions	489,261	771,000
With donor restrictions:		
Purpose restricted	596,244	1,267,652
Endowments	<u>271,280</u>	<u>266,585</u>
 TOTAL NET ASSETS	 <u>1,356,785</u>	 <u>2,305,237</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,194,996</u>	 <u>\$ 3,692,768</u>

The accompanying notes are an integral part of these financial statements.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	With Donor Restrictions			Total	With Donor Restrictions			Total
	Without Donor Restrictions	Purpose Restricted	Endowments		Without Donor Restrictions	Purpose Restricted	Endowments	
Operating revenues, gains, losses and other support:								
Contributions:								
Individuals	\$ 897,074	\$ 92,080	\$ -	\$ 989,154	\$ 783,598	\$ 322,640	\$ -	\$ 1,106,238
Corporate and foundations	284,362	562,798	-	847,160	344,850	992,500	-	1,337,350
Bequests	-	-	-	-	388,249	1,122,896	-	1,511,145
In-kind	14,306	-	-	14,306	13,680	-	-	13,680
Special events	1,162,700	2,000	-	1,164,700	2,053,519	20,000	-	2,073,519
Less: Costs of direct benefits of special events	(16,625)	-	-	(16,625)	(123,901)	-	-	(123,901)
Government grants	395,191	-	-	395,191	268,321	-	-	268,321
Program service revenues	50,617	-	-	50,617	62,118	-	-	62,118
Loss on disposal of assets	-	-	-	-	(1,364)	-	-	(1,364)
Investment income (including realized gains and losses), net	3,977	-	4,695	8,672	6,452	-	4,376	10,828
Unrealized (loss) gain on investments	(3,301)	-	-	(3,301)	3,869	-	-	3,869
Other revenue	47,025	-	-	47,025	43,278	-	-	43,278
Net assets released from restrictions	1,153,286	(1,153,286)	-	-	2,300,154	(2,300,154)	-	-
Total operating revenues, gains, losses and other support	3,988,612	(496,408)	4,695	3,496,899	6,142,823	157,882	4,376	6,305,081
Operating Expenses:								
Program services:								
Patient and family services	1,952,181	-	-	1,952,181	1,783,870	-	-	1,783,870
Public awareness and education	1,063,045	-	-	1,063,045	1,470,451	-	-	1,470,451
Public policy	9,691	-	-	9,691	24,551	-	-	24,551
Research	10,667	-	-	10,667	1,144,791	-	-	1,144,791
Supporting services:								
Management and general	822,334	-	-	822,334	887,250	-	-	887,250
Fundraising	587,433	-	-	587,433	933,235	-	-	933,235
Total operating expenses	4,445,351	-	-	4,445,351	6,244,148	-	-	6,244,148
Change in net assets before nonoperating activities	(456,739)	(496,408)	4,695	(948,452)	(101,325)	157,882	4,376	60,933
Nonoperating Activities:								
Separation costs	-	-	-	-	35,788	-	-	35,788
Donor reclassifications	175,000	(175,000)	-	-	-	-	-	-
Change in net assets	(281,739)	(671,408)	4,695	(948,452)	(137,113)	157,882	4,376	25,145
Net assets, beginning of year	771,000	1,267,652	266,585	2,305,237	908,113	1,109,770	262,209	2,280,092
Net assets, end of year	\$ 489,261	\$ 596,244	\$ 271,280	\$ 1,356,785	\$ 771,000	\$ 1,267,652	\$ 266,585	\$ 2,305,237

The accompanying notes are an integral part of these financial statements.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services			Cost of Direct Benefits of Special Events	Total
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising			
Salaries	\$ 896,551	\$ 394,697	\$ 7,075	\$ -	\$ 541,447	\$ 298,785	\$ -	\$	2,138,555
Fringe benefits	209,492	93,092	1,669	-	126,885	70,018	-		501,156
Professional services and contract service payments	111,641	89,993	29	-	43,748	41,543	-		286,954
Supplies	13,629	25,300	11	-	2,148	16,147	-		57,235
Telephone	10,452	5,560	16	-	3,185	4,455	-		23,668
Postage and shipping	4,729	3,811	2	-	564	7,539	-		16,645
Occupancy	335,222	303,159	540	-	60,679	58,365	-		757,965
Insurance	11,926	5,808	27	-	4,700	2,624	-		25,085
Printing and publications	4,715	11,424	-	-	131	17,045	-		33,315
Staff development	1,013	788	-	-	-	-	-		1,801
Conferences	5,983	14,114	150	-	108	7,294	16,625		44,274
Travel	7,066	1,591	-	-	563	2,278	-		11,498
Research grants and allocations	1,143	-	-	10,667	-	-	-		11,810
Client services	230,630	7,350	-	-	-	-	-		237,980
Bad debt	1,250	1,250	-	-	-	2,500	-		5,000
Depreciation and amortization	104,810	100,005	170	-	15,377	14,762	-		235,124
Miscellaneous	1,929	5,103	2	-	8,493	44,078	-		59,605
In-kind expenses	-	-	-	-	14,306	-	-		14,306
Total expenses	1,952,181	1,063,045	9,691	10,667	822,334	587,433	16,625		4,461,976
Cost of direct benefits of special events	-	-	-	-	-	-	(16,625)		(16,625)
Total expenses reported by function on the statement of activities	<u>\$ 1,952,181</u>	<u>\$ 1,063,045</u>	<u>\$ 9,691</u>	<u>\$ 10,667</u>	<u>\$ 822,334</u>	<u>\$ 587,433</u>	<u>\$ -</u>		<u>\$ 4,445,351</u>

The accompanying notes are an integral part of these financial statements.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services			
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	Cost of Direct Benefits of Special Events	Total
Salaries	\$ 800,997	\$ 606,533	\$ 17,889	\$ -	\$ 511,966	\$ 433,187	\$ -	\$ 2,370,572
Fringe benefits	195,403	144,035	4,040	-	123,368	104,384	-	571,230
Professional services and contract service payments	96,016	74,042	40	-	74,545	61,336	-	305,979
Supplies	16,334	55,061	25	-	3,818	77,805	-	153,043
Telephone	12,737	8,190	41	-	5,132	6,655	-	32,755
Postage and shipping	5,928	8,859	-	-	1,185	15,312	-	31,284
Occupancy	295,489	316,747	1,608	-	75,552	63,384	-	752,780
Insurance	10,857	6,611	53	-	4,644	3,270	-	25,435
Printing and publications	21,641	29,589	-	-	845	28,775	-	80,850
Staff development	520	250	-	-	35	-	-	805
Conferences	5,117	79,771	150	-	220	43,645	123,901	252,804
Travel	15,860	3,645	-	-	512	4,930	-	24,947
Research grants and allocations	1,140	-	-	1,144,791	-	-	-	1,145,931
Client services	196,654	-	-	-	-	-	-	196,654
Bad debt	-	-	-	-	69,452	-	-	69,452
Depreciation and amortization	106,266	120,639	600	-	22,630	20,171	-	270,306
Miscellaneous	2,911	16,479	105	-	15,454	70,381	-	105,330
In-kind expenses	-	-	-	-	13,680	-	-	13,680
<b>Total expenses</b>	<b>1,783,870</b>	<b>1,470,451</b>	<b>24,551</b>	<b>1,144,791</b>	<b>923,038</b>	<b>933,235</b>	<b>123,901</b>	<b>6,403,837</b>
Separation costs	-	-	-	-	(35,788)	-	-	(35,788)
Cost of direct benefits of special events	-	-	-	-	-	-	(123,901)	(123,901)
<b>Total expenses reported by function on the statement of activities</b>	<b>\$ 1,783,870</b>	<b>\$ 1,470,451</b>	<b>\$ 24,551</b>	<b>\$ 1,144,791</b>	<b>\$ 887,250</b>	<b>\$ 933,235</b>	<b>\$ -</b>	<b>\$ 6,244,148</b>

The accompanying notes are an integral part of these financial statements.



ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (948,452)	\$ 25,145
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Actuarial loss (gain) on annuity obligations	3,662	(3,295)
Loss on disposal of assets	-	1,364
Realized gain on investments	(384)	(280)
Unrealized loss (gain) on investments	3,301	(3,869)
Donated stock	(95,548)	(307,143)
Bad debt	5,000	69,452
Deferred rent	(53,297)	(108,400)
Depreciation and amortization	235,124	270,306
Changes in assets (increase) decrease:		
Due from Alzheimer's Association National Office	-	616,565
Contributions receivable	210,546	(134,597)
Accounts receivable	(72,195)	145,403
Other assets	(23,617)	7,006
Changes in liabilities increase (decrease):		
Accounts payable and accrued expenses	35,247	(89,795)
Due to Alzheimer's Association National Office	-	(547,113)
Net cash used in operating activities	<u>(700,613)</u>	<u>(59,251)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	92,185	310,658
Purchase of investments	(374)	(82)
Decrease in certificates of deposit	464,355	-
Purchase of certificates of deposit	-	(257,808)
Property and equipment acquisitions	<u>(6,318)</u>	<u>(7,620)</u>
Net cash provided by investing activities	<u>549,848</u>	<u>45,148</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	467,400	-
Annuity obligation payments	<u>(2,332)</u>	<u>(2,332)</u>
Net cash provided by (used in) financing activities	<u>465,068</u>	<u>(2,332)</u>
Net change in cash and cash equivalents	314,303	(16,435)
Cash and cash equivalents, beginning of year	<u>929,806</u>	<u>946,241</u>
Cash and cash equivalents, end of year	<u>\$ 1,244,109</u>	<u>\$ 929,806</u>

The accompanying notes are an integral part of these financial statements.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 1 - Nature and Purpose of Organization

Alzheimer's Disease and Related Disorders, New York City, Inc. (d/b/a CaringKind) ("CaringKind"), f/k/a Alzheimer's Association, New York City Chapter, was incorporated under the Not-for-Profit Corporation Law of the State of New York on May 7, 1985. CaringKind separated from the Alzheimer's Association ("National") on December 1, 2015. While retaining its original legal name, as of March 1, 2016, the organization started operating under the assumed name, CaringKind. The separation of CaringKind resulted in no change in the value of the net assets at the time of separation.

The mission of CaringKind is to create, deliver, and promote comprehensive and compassionate care and support services for individuals and families affected by Alzheimer's disease and related dementias, and to eliminate Alzheimer's disease through the advancement of research. CaringKind achieves its mission by providing programs and services for individuals with dementia, their families and professional caregivers; increasing public awareness; collaborating with research centers; and informing public policy through advocacy.

CaringKind is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Summary of Significant Accounting Policies

Changes in Accounting Principles

ASU No. 2014-09

Effective July 1, 2019, CaringKind adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), using a modified retrospective method of adoption to all contracts with customers at July 1, 2019. ASU 2014-09 requires CaringKind to recognize revenue to depict the provision of services to individuals with a history of severe mental illness. The amount to which CaringKind expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing the services. Because contracts are generally complete within one year, CaringKind used the actual transaction price rather than estimating variable consideration amounts for contracts completed during the year ended June 30, 2020.

ASU No. 2018-08

Effective July 1, 2019, CaringKind adopted the provisions of FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, on a modified prospective basis. This ASU provides for guidance to assist CaringKind in evaluating the transfer of assets and the nature of the related transactions. CaringKind considers whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both indicates that the recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome any barriers in the agreement.

The adoption of these ASUs resulted in changes in the notes to the financial statements.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Basis of Accounting

The financial statements are prepared on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Certificates of Deposit

Certificates of deposit include investments with initial maturities greater than three months. Certificates of deposit are considered investments for purposes of cash flow reporting.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the FASB's Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are recorded as additions to net assets without donor restrictions if they are not restricted by the donor for a particular purpose. If they are restricted by the donor, the specific portion is recorded as purpose restricted net assets or endowment funds net assets with donor restrictions.

Charitable Gift Annuities

CaringKind's investments include funds subject to charitable gift annuities. Contribution revenues for charitable gift annuities are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors and/or other beneficiaries. The present value of payments to beneficiaries of charitable gift annuities is calculated using a 6% discount rate. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statements of activities. The present value of the annuities is classified as net assets without donor restrictions. The fair market value of the investments was \$20,774 and \$22,279 at June 30, 2020 and 2019, respectively.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value of Financial Instruments

Fair value is defined as 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. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting CaringKind's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At June 30, 2020 and 2019, the cost basis of CaringKind's financial instruments, including cash and cash equivalents, certificates of deposit, contributions receivable, accounts receivable, and accounts payable and accrued expenses, approximated fair value due to the short maturity of these instruments.

Refer to Note 4 - Fair Value Measurements for assets measured at fair value.

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2020.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenues and Accounts Receivable

Revenues and accounts receivable from program service fees are recognized when earned. In person special events revenue is recognized as revenue on the date of the event, which is the date that CaringKind expects to be entitled to consideration in exchange for attending the event. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, CaringKind establishes advances from government funders.

Allowance for Doubtful Accounts

CaringKind determines whether an allowance for doubtful accounts should be provided for accounts and contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Accounts and contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. At June 30, 2020 and 2019, CaringKind has recorded an allowance for doubtful accounts of \$7,056 and \$6,556, respectively.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the term of lease. CaringKind capitalizes property and equipment acquisitions over \$500, as well as expenditures that increase the lives of existing assets. Equipment is depreciated between three and seven years.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for program events received related to services that have not yet been provided to customers. There were no contract liabilities as of June 30, 2020.

Net Assets

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use has been restricted by donors to a specific time period or purpose. Also included in net assets with donor restrictions are endowment funds whose principal may not be expended. The donors may or may not restrict the use of investment income for a particular purpose or certain time period.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to CaringKind either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on CaringKind overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor stipulated time restriction ends or 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.  
(D/B/A CARINGKIND)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

In-kind

Many individuals volunteer their time and services to perform a variety of tasks that assist CaringKind with specific assistance programs, campaign solicitations, various committee assignments, and legal services. During the years ended June 30, 2020 and 2019, CaringKind recognized donated legal services of \$14,306 and \$13,680, respectively, which were received from a related party.

Government Grants

Support funded by grants is recognized as CaringKind meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. As the conditions are met, CaringKind simultaneously releases the government grants and they are reflected as without donor restrictions. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional Reporting

The costs of providing CaringKind's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses such as salaries, fringe benefits, and conferences are allocated on a time and effort basis. Expenses such as research grants and allocations and client services are directly charged to program expenses. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

Operating Leases

Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent has been recorded for the difference between the fixed payment and rent expense.

Measure of Operations

Changes in net assets from operations include all revenues and expenses for the period except for separation costs and donor reclassifications.

Accounting for Uncertainty in Income Taxes

CaringKind applies the provisions pertaining to uncertain tax provisions of FASB ASC Topic 740, *Income Taxes*, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. CaringKind is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CaringKind believes it is no longer subject to income tax examinations for years prior to 2017.

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Note 2 - Summary of Significant Accounting Policies (cont'd.)

Reclassification

Certain items in the 2019 financial statements were reclassified to conform to the 2020 presentation. The reclassifications had no impact on net assets.

New Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and the comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates. Early application is permitted for all entities.

CaringKind has not yet determined if this ASU will have a material effect on its financial statements.

Note 3 - Concentration of Credit Risk

CaringKind maintains cash balances in several financial institutions, which balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At June 30, 2020 the balance in CaringKind's cash accounts exceeded federally insured limits.

Note 4 - Fair Value Measurements

CaringKind measures its marketable securities at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.



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Note 4 - Fair Value Measurements (cont'd.)

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect CaringKind's own assumptions of market participant valuation (unobservable inputs).

Investments in mutual funds are valued using market prices in active markets. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Items Measured at Fair Value on a Recurring Basis

The following table presents CaringKind's assets that are measured at fair value on a recurring basis at June 30, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	\$ 13,894	\$ 13,894	\$ -	\$ -

The following table presents CaringKind's assets that are measured at fair value on a recurring basis at June 30, 2019:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	\$ 13,074	\$ 13,074	\$ -	\$ -

Investment income consisted of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 8,288	\$ 10,548
Realized gain	384	280
Unrealized (loss) gain	<u>(3,301)</u>	<u>3,869</u>
	<u>\$ 5,371</u>	<u>\$ 14,697</u>

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Note 5 - Contributions Receivable

Contributions receivable, net, are due as follows:

	<u>2020</u>	<u>2019</u>
Amounts due within one year	\$ 187,699	\$ 352,745
Amounts due in one to five years	-	50,000
	<u>187,699</u>	<u>402,745</u>
Less: Allowance for doubtful accounts	7,056	6,556
	<u>\$ 180,643</u>	<u>\$ 396,189</u>

Note 6 - Grant Commitments

CaringKind receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of CaringKind are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2020, have been recorded as receivables. The following are the grant commitments that extend beyond June 30, 2020:

Grant	Term	Grant Amount	Earned as of June 30, 2020	Funding Available
NYU Caregiver Integrated Support Services Program	1/1/20-12/31/20	<u>\$ 210,000</u>	<u>\$ 52,531</u>	<u>\$ 157,469</u>

Note 7 - Property and Equipment

Property and equipment, net consists of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 2,695,842	\$ 2,695,842
Equipment	724,987	740,797
	<u>3,420,829</u>	<u>3,436,639</u>
Less: Accumulated depreciation and amortization	2,001,623	1,788,627
	<u>\$ 1,419,206</u>	<u>\$ 1,648,012</u>

There was \$22,128 of fully depreciated and amortized leasehold improvements and equipment written off in 2020.

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Note 8 - Paycheck Protection Program Loan Payable

Loan payable is summarized as follows:

	<u>2020</u>	<u>2019</u>
On April 20, 2020, CaringKind entered into a \$467,400 loan agreement with a financial institution under the Paycheck Protection Program ("PPP"), established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, administered by the Small Business Administration with support from the Department of the Treasury. CaringKind will primarily be utilizing the PPP loan for payroll and occupancy costs and anticipates that a portion, if not all, of the loan may be forgiven. In October 2020, equal monthly installments of principal and interest will commence, which will include interest payable at the rate of 1% per annum. The loan is unsecured and matures in April 2022.	\$ 467,400	\$ -

Future maturities of the loan payable are as follows:

Years Ending June 30:

2021	\$ 232,824
2022	<u>234,576</u>
	<u>\$ 467,400</u>

CaringKind did not accrue interest relating to this loan as management deems the amount to be immaterial and anticipates having the loan forgiven once the application for forgiveness is available. CaringKind expects the loan to be fully forgiven during fiscal year 2021.

Note 9 - Retirement Plan

CaringKind has a defined contribution retirement plan for all eligible employees. CaringKind's contributions are equal to 5% to 10% of each employee's annual compensation. Retirement expense for the years ended June 30, 2020 and 2019 was \$99,041 and \$113,953, respectively.

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Note 10 - Net Assets With Donor Purpose Restrictions and Net Assets Released From Restriction

Net assets with donor purpose restrictions were available for the following purposes:

	<u>2020</u>	<u>2019</u>
Patient and family services	\$ 445,781	\$ 904,364
Public awareness and education	150,463	357,940
Capital grants	<u>-</u>	<u>5,348</u>
	<u>\$ 596,244</u>	<u>\$ 1,267,652</u>

Net assets with donor purpose restrictions were released from restriction by incurring expenses and capital expenditures satisfying the following:

	<u>2020</u>	<u>2019</u>
Patient and family services	\$ 805,183	\$ 546,649
Public awareness and education	332,089	599,883
Research	10,667	1,135,291
Fundraising	-	14,139
Capital grants	<u>5,347</u>	<u>4,192</u>
	<u>\$ 1,153,286</u>	<u>\$ 2,300,154</u>

In addition, there was \$175,000 of net assets released from donor restrictions due to a change in donor intent.

Note 11 - Endowment Funds

General

CaringKind's endowment consists of four individual donor-restricted endowment funds established to create and promote comprehensive and humane care and treatment for persons with Alzheimer's disease and related disorders, and to provide support for their families and professional caregivers. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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Note 11 - Endowment Funds (cont'd.)

Interpretation of Relevant Law

The State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), a modified version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). CaringKind has evaluated the effects of NYPMIFA on the investments, appropriation and management of institutional funds and established procedures to comply with its provisions.

CaringKind interprets state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CaringKind classifies as endowment fund net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Currently, there are no provisions in donor gift instruments that provide for any other accumulations to the permanent endowments.

In accordance with FASB ASC Subtopic 958-205, *Not-for-Profit Entities*, upon the passage of NYPMIFA, CaringKind is required to determine if there are any non-appropriated endowed investment earnings, and if so, it would need to reclassify them as net assets with donor restrictions.

It is CaringKind's policy that any remaining portion of the donor-restricted endowment funds that is not classified in endowment funds is classified as purpose restricted net assets until those amounts are appropriated for expenditure by CaringKind in a manner consistent with the standard of prudence prescribed by NYPMIFA. The amounts appropriated for expenditure represent amounts that were spent within the year in satisfying the purpose restriction.

CaringKind has considered the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

1. Duration of the fund
2. General purposes of the organization and the donor-restricted endowment funds
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and appreciation of investments
6. Other resources of CaringKind
7. Investment policy of CaringKind

Return Objectives, Strategies Employed and Spending Policy

The objective of CaringKind is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low risk investments. Investment income earned in relation to the endowment funds is recorded as purpose restricted income except for 10% of investment earnings attributable to the Estate of John Marshall, which is reinvested in the endowment funds. CaringKind has adopted a spending policy in which the total appropriation for expenditure for any given year is equal to or less than 7% of the average fair market values of the investments for the prior twenty fiscal quarters based on board approval.

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Note 11 - Endowment Funds (cont'd.)

Funds with Deficiencies

CaringKind does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund at June 30, 2020

	With Donor Restrictions		
	Accumulated	Original	
	Unspent Earnings	Donor Gift	Total
Estate of John Marshall	\$ 1,958	\$ 54,025	\$ 55,983
Louis and Mildred Davis	1,905	50,000	51,905
Cappiello-Finocchiaro	1,979	51,950	53,929
The Baschkopf Family	4,015	105,448	109,463
	<u>\$ 9,857</u>	<u>\$ 261,423</u>	<u>\$ 271,280</u>

Endowment Net Asset Composition by Type of Fund at June 30, 2019

	With Donor Restrictions		
	Accumulated	Original	
	Unspent Earnings	Donor Gift	Total
Estate of John Marshall	\$ 1,086	\$ 53,928	\$ 55,014
Louis and Mildred Davis	1,006	50,000	51,006
Cappiello-Finocchiaro	1,045	51,950	52,995
The Baschkopf Family	2,122	105,448	107,570
	<u>\$ 5,259</u>	<u>\$ 261,326</u>	<u>\$ 266,585</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2020

	With Donor Restrictions		
	Accumulated	Original	
	Unspent Earnings	Donor Gift	Total
Endowment net assets, beginning of year	\$ 5,259	\$ 261,326	\$ 266,585
Interest and dividends	4,598	97	4,695
Endowment net assets, end of year	<u>\$ 9,857</u>	<u>\$ 261,423</u>	<u>\$ 271,280</u>

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Note 11 - Endowment Funds (cont'd.)

For the year ended June 30, 2020, none of the endowment earnings were appropriated as CaringKind filed a notice of intent with the State of New York Office of the Attorney General to fully release \$107,888 of donor restricted endowments relating to the Estate of John Marshall and the Louis and Mildred Davis funds. Approval from the Attorney General's office was received in July 2020.

Changes in Endowment Net Assets for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Unspent Earnings	Original Donor Gift	Total
Endowment net assets, beginning of year	\$ 20,000	\$ 973	\$ 261,236	\$ 282,209
Appropriation	(20,000)	-	-	(20,000)
Interest and dividends	-	4,286	90	4,376
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,259</u>	<u>\$ 261,326</u>	<u>\$ 266,585</u>

Note 12 - Lease Agreements

CaringKind leases office space under a lease with an original term of ten years, which included a six-month concession and expired in July 2016. The lease was amended in September 2011 and extended through January 2028 with a ten-month concession and additional space leased. The lease was further amended in May 2018 to allow CaringKind to vacate and surrender a portion of the leased space. As part of this amendment, CaringKind also received a three-month rent concession. The lease is being amortized on the straight-line basis over the lease term. CaringKind vacated and surrendered a portion of the leased space during the year ended June 30, 2018. Additionally, CaringKind leases office equipment with lease payments through June 2023.

Subsequent to year-end, CaringKind negotiated a rent abatement with its landlord for a one-year period whereby monthly rent was reduced and with the difference to be amortized over the last four years of the lease term.

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Note 12 - Lease Agreements (cont'd.)

The commitments are as follows:

Years Ending June 30:

2021	\$ 330,622
2022	661,244
2023	688,703
2024	762,532
2025	803,016
Thereafter	<u>2,051,350</u>
	<u>\$ 5,297,467</u>

Lease expense was \$703,422 and \$693,181 for the years ended June 30, 2020 and 2019, respectively. During the years ended June 30, 2020 and 2019, actual cash paid for rent was \$784,690 and \$774,490, respectively.

At June 30, 2020, CaringKind has a letter of credit outstanding in the amount of \$114,930 for the benefit of its landlord. The letter of credit expires on April 29, 2028 and is secured by a certificate of deposit account with its bank.

Note 13 - Joint Costs

CaringKind conducted activities that included requests for contributions as well as program components and incurred joint costs. These activities included special events such as the CaringKind Alzheimer's Walk, Forget-Me-Not Gala, and various Athletes to End Alzheimer's and Junior Committee events. Joint costs were allocated between program services and fundraising as follows:

	<u>2020</u>	<u>2019</u>
Program services	\$ 106,010	\$ 219,269
Fundraising	<u>143,972</u>	<u>395,542</u>
	<u>\$ 249,982</u>	<u>\$ 614,811</u>

Note 14 - Commitments and Contingencies

CaringKind and National previously entered into a Statement of Relationship which established the reciprocal responsibilities between CaringKind and National. CaringKind believes it has fulfilled all of its financial obligations pursuant to shared fundraising as of the date of separation, December 1, 2015. In April 2019, CaringKind and National executed a settlement and release agreement.

As a result of the separation, CaringKind incurred non-recurring costs and expenses during the year ended June 30, 2019 totaling \$35,788. During the year ended June 30, 2020, CaringKind did not incur any non-recurring costs or expenses related to the separation.



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Note 14 - Commitments and Contingencies (cont'd.)

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the generation of contributions, attendance at special events, government grants and collections of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

Note 15 - Available Resources and Liquidity

As of June 30, 2020 and 2019, financial assets and liquidity resources available within one year to meet cash needs for general expenditures were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,244,109	\$ 929,806
Certificates of deposit	114,930	579,285
Investments	13,894	13,074
Contributions receivable, net	180,643	396,189
Accounts receivable	135,525	63,330
Total financial assets	<u>1,689,101</u>	<u>1,981,684</u>
Contractual or donor-imposed restrictions:		
Purpose restricted	(596,244)	(1,267,652)
Endowments	(271,280)	(266,585)
Certificate of deposit pledged as collateral	(114,930)	(113,200)
Donor-imposed restrictions to be utilized in subsequent year	<u>665,820</u>	<u>849,293</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,372,467</u>	<u>\$ 1,183,540</u>

CaringKind regularly monitors the liquidity required to meet its operating needs and other contractual commitments. In order to meet liquidity goals, management meets on a monthly basis to review its operating budget, current period cash flows, and cash flow projections to ensure financial assets are available to cover general expenditures, liabilities and other obligations.

Note 16 - Subsequent Events

CaringKind has evaluated all events or transactions that occurred after June 30, 2020 through October 21, 2020, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except as noted in Notes 11 and 12.