

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

(D/B/A CARINGKIND)

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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

(D/B/A CARINGKIND)

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statements of Financial Position at June 30, 2019 and 2018	3
Statements of Activities for the Years Ended June 30, 2019 and 2018	4
Statement of Functional Expenses for the Year Ended June 30, 2019	5
Statement of Functional Expenses for the Year Ended June 30, 2018	6
Statements of Cash Flows for the Years Ended June 30, 2019 and 2018	7
Notes to Financial Statements	8-22



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, 2019 and 2018, 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, 2019 and 2018, 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 Update ("ASU") No. 2016-14. Our opinion is not modified with respect to this matter.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
September 30, 2019

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 929,806	\$ 946,241
Certificates of deposit	579,285	321,477
Investments	13,074	12,358
Due from Alzheimer's Association National Office	-	616,565
Contributions receivable, net of allowance for doubtful accounts of \$6,556 in 2019 and \$6,806 in 2018	396,189	331,044
Accounts receivable	63,330	208,733
Other assets	63,072	70,078
Fixed assets, net	<u>1,648,012</u>	<u>1,912,062</u>
TOTAL ASSETS	<u>\$ 3,692,768</u>	<u>\$ 4,418,558</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 187,766	\$ 277,561
Due to Alzheimer's Association National Office	-	547,113
Deferred rent	1,181,409	1,289,809
Annuity payment obligations	<u>18,356</u>	<u>23,983</u>
TOTAL LIABILITIES	<u>1,387,531</u>	<u>2,138,466</u>
COMMITMENTS AND CONTINGENCIES		
Net assets:		
Without donor restrictions	771,000	908,113
With donor restrictions:		
Purpose restricted	1,267,652	1,109,770
Endowments	<u>266,585</u>	<u>262,209</u>
TOTAL NET ASSETS	<u>2,305,237</u>	<u>2,280,092</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,692,768</u>	<u>\$ 4,418,558</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, 2019 AND 2018

	2019				2018			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Endowments			Purpose Restricted	Endowments	
Operating revenues, gains, losses and other support:								
Contributions:								
Individuals	\$ 783,598	\$ 322,640	\$ -	\$ 1,106,238	\$ 1,119,667	\$ 150,262	\$ -	\$ 1,269,929
Corporate and foundations	344,850	992,500	-	1,337,350	232,961	369,000	-	601,961
Bequests	388,249	1,122,896	-	1,511,145	199,307	-	-	199,307
In-kind	13,680	-	-	13,680	75,000	-	-	75,000
Special events	2,053,519	20,000	-	2,073,519	2,686,574	-	-	2,686,574
Less: Costs of direct benefits of special events	(123,901)	-	-	(123,901)	(210,004)	-	-	(210,004)
Government grants	268,321	-	-	268,321	1,131,407	-	-	1,131,407
Program service revenues	62,118	-	-	62,118	89,064	-	-	89,064
Loss on disposal of assets	(1,364)	-	-	(1,364)	(49,648)	-	-	(49,648)
Investment income (including realized gains and losses), net	6,452	-	4,376	10,828	7,557	-	3,618	11,175
Unrealized gain (loss) on investments	3,869	-	-	3,869	(2,623)	-	-	(2,623)
Other revenue	43,278	-	-	43,278	59,630	-	-	59,630
Net assets released from restrictions	2,300,154	(2,300,154)	-	-	1,033,255	(1,013,255)	(20,000)	-
Total operating revenues, gains, losses and other support	<u>6,142,823</u>	<u>157,882</u>	<u>4,376</u>	<u>6,305,081</u>	<u>6,372,147</u>	<u>(493,993)</u>	<u>(16,382)</u>	<u>5,861,772</u>
Operating Expenses:								
Program services:								
Patient and family services	1,783,870	-	-	1,783,870	2,924,618	-	-	2,924,618
Public awareness and education	1,470,451	-	-	1,470,451	1,846,548	-	-	1,846,548
Public policy	24,551	-	-	24,551	108,142	-	-	108,142
Research	1,144,791	-	-	1,144,791	16,853	-	-	16,853
Supporting services:								
Management and general	887,250	-	-	887,250	1,058,978	-	-	1,058,978
Fundraising	933,235	-	-	933,235	1,061,449	-	-	1,061,449
Total operating expenses	<u>6,244,148</u>	<u>-</u>	<u>-</u>	<u>6,244,148</u>	<u>7,016,588</u>	<u>-</u>	<u>-</u>	<u>7,016,588</u>
Change in net assets before nonoperating activities	(101,325)	157,882	4,376	60,933	(644,441)	(493,993)	(16,382)	(1,154,816)
Nonoperating Activities:								
Separation costs	35,788	-	-	35,788	177,353	-	-	177,353
Change in net assets	(137,113)	157,882	4,376	25,145	(821,794)	(493,993)	(16,382)	(1,332,169)
Net assets, beginning of year	<u>908,113</u>	<u>1,109,770</u>	<u>262,209</u>	<u>2,280,092</u>	<u>1,729,907</u>	<u>1,603,763</u>	<u>278,591</u>	<u>3,612,261</u>
Net assets, end of year	<u>\$ 771,000</u>	<u>\$ 1,267,652</u>	<u>\$ 266,585</u>	<u>\$ 2,305,237</u>	<u>\$ 908,113</u>	<u>\$ 1,109,770</u>	<u>\$ 262,209</u>	<u>\$ 2,280,092</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			Total
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	Cost of Direct Benefits of Special Events	
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
Total expenses	1,783,870	1,470,451	24,551	1,144,791	923,038	933,235	123,901	6,403,837
Separation costs	-	-	-	-	(35,788)	-	-	(35,788)
Cost of direct benefits of special events	-	-	-	-	-	-	(123,901)	(123,901)
Total expenses reported by function on the statement of activities	\$ 1,783,870	\$ 1,470,451	\$ 24,551	\$ 1,144,791	\$ 887,250	\$ 933,235	\$ -	\$ 6,244,148

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, 2018

	Program Services				Supporting Services			Total
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	Cost of Direct Benefits of Special Events	
Salaries	\$ 1,500,314	\$ 805,525	\$ 81,859	\$ -	\$ 612,353	\$ 474,906	\$ -	\$ 3,474,957
Fringe benefits	351,001	188,311	19,252	-	143,250	111,098	-	812,912
Professional services and contract service payments	108,190	192,122	45,661	-	182,536	63,606	-	592,115
Supplies	22,673	59,857	163	-	5,459	75,074	-	163,226
Telephone	17,519	10,166	174	-	6,584	5,797	-	40,240
Postage and shipping	14,299	40,589	3	-	2,609	19,905	-	77,405
Occupancy	438,645	180,091	3,979	-	106,834	74,953	-	804,502
Insurance	15,136	6,991	234	-	5,031	3,569	-	30,961
Printing and publications	29,393	77,738	-	-	2,020	60,964	-	170,115
Staff development	1,385	1,115	-	-	-	-	-	2,500
Conferences	10,128	169,221	150	-	1,072	41,395	210,004	431,970
Travel	10,865	6,837	-	-	2,710	5,517	-	25,929
Research grants and allocations	1,995	180	-	16,853	-	-	-	19,028
Client services	218,687	7,800	-	-	-	-	-	226,487
Bad debt	2,500	2,500	-	-	-	5,000	-	10,000
Depreciation and amortization	177,937	74,066	1,549	-	37,987	28,125	-	319,664
Miscellaneous	3,951	23,439	613	-	7,391	91,540	-	126,934
In-kind expenses	-	-	-	-	75,000	-	-	75,000
Total expenses	2,924,618	1,846,548	153,637	16,853	1,190,836	1,061,449	210,004	7,403,945
Separation costs	-	-	(45,495)	-	(131,858)	-	-	(177,353)
Cost of direct benefits of special events	-	-	-	-	-	-	(210,004)	(210,004)
Total expenses reported by function on the statement of activities	\$ 2,924,618	\$ 1,846,548	\$ 108,142	\$ 16,853	\$ 1,058,978	\$ 1,061,449	\$ -	\$ 7,016,588

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 25,145	\$ (1,332,169)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Actuarial (gain) loss on annuity obligations	(3,295)	2,332
Loss on disposal of assets	1,364	49,648
Unrealized (gain) loss on investments	(3,869)	2,623
Donated stock	(307,143)	(306,242)
Bad debt	69,452	10,000
Deferred rent	(108,400)	(367,724)
Depreciation and amortization	270,306	319,664
Changes in assets (increase) decrease:		
Due from Alzheimer's Association National Office	616,565	-
Contributions receivable	(134,597)	358,656
Accounts receivable	145,403	57,771
Other assets	7,006	146,442
Changes in liabilities (decrease):		
Accounts payable and accrued expenses	(89,795)	(134,867)
Due to Alzheimer's Association National Office	(547,113)	-
Deferred revenue	-	(62,200)
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(58,971)</u>	<u>(1,256,066)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	310,658	836,759
Decrease in certificates of deposit	-	49,266
Purchase of certificates of deposit	(257,808)	-
Fixed asset acquisitions	(7,620)	(23,599)
Purchase of investments	(362)	(5,661)
	<u> </u>	<u> </u>
Net cash provided by investing activities	<u>44,868</u>	<u>856,765</u>
Cash flows from financing activities:		
Annuity obligation payments	(2,332)	(2,332)
	<u> </u>	<u> </u>
Net cash used in financing activities	<u>(2,332)</u>	<u>(2,332)</u>
Net decrease in cash and cash equivalents	(16,435)	(401,633)
Cash and cash equivalents, beginning of year	<u>946,241</u>	<u>1,347,874</u>
Cash and cash equivalents, end of year	<u>\$ 929,806</u>	<u>\$ 946,241</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, 2019 AND 2018

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

Adoption of FASB ASU No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities

Effective July 1, 2018, the Organization adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14. The ASU provided for changes in financial statement presentation that affect classification of net assets and presentation of expenses. It also provided for enhanced disclosures of net assets, methods used to allocate costs among functions, as well as available resources and liquidity.

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.

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:

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

Fair Value of Financial Instruments (cont'd.)

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, 2019 and 2018, 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 5 - Fair Value Measurements for assets measured at fair value.

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.

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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

Contributions Receivable (cont'd.)

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

Revenues and Accounts Receivable

Revenues and accounts receivable from program service fees are recognized when earned. 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 uncollectibles 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, 2019 and 2018, CaringKind has recorded an allowance for doubtful accounts of \$6,556 and \$6,806, respectively.

Fixed Assets

Fixed assets are 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.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date contributions are received. CaringKind reports the gifts as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

Shared Fundraising Agreement

CaringKind and National also entered into a Shared Fundraising Agreement (the "Fundraising Agreement"). The Fundraising Agreement is designed to coordinate and unify fundraising efforts by means of direct marketing, planned gifts, major gifts, corporate and foundation relations, general development and special events in New York City.

Under the Fundraising Agreement, CaringKind and National, allocate percentages of shared revenues, based on cash received, as defined, among CaringKind, National and the Mission Fund, based on percentages contained in the Fundraising Agreement. The Mission Fund was established as part of the Fundraising Agreement to benefit National and all of its chapters as a whole. Gifts restricted for a specific purpose are not considered part of shared revenues. Under the terms of the Fundraising Agreement, CaringKind is not required to pay dues to National.

Effective December 1, 2015 when CaringKind separated from National, the Shared Fundraising Agreement was no longer effective.

During the five-month period ended November 30, 2015, the point of the separation from National, CaringKind recognized 60% of shared revenues due from National and 40% of shared revenues due to National.

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 \$22,279 and \$14,048 at June 30, 2019 and 2018, respectively.

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.

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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

Functional Reporting (cont'd.)

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.

Measure of Operations

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

Donated Services

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, 2019 and 2018, CaringKind recognized donated legal services of \$13,680 and \$75,000, respectively, which were received from a related party.

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.

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 2016.

Reclassification

Certain items in the 2018 financial statements were reclassified to conform to the 2019 presentation. The reclassifications had no impact on net assets.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

New Accounting Pronouncements

ASU No. 2018-08

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which will assist organizations in evaluating the transfer of assets and the nature of the related transaction. Organizations will be required to determine whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and if a contribution is conditional.

The guidance in this ASU requires that organizations determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either 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.

For nonpublic entities who are recipients, the amendments of ASU No. 2018-08 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted.

ASU No. 2016-18

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. This ASU requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. Current guidance does not specify how to present restricted cash and restricted cash equivalents in the statement of cash flows, thus there is diversity in practice.

The amendments in ASU No. 2016-18 should be applied using a retrospective transition method to each period presented and are effective for nonpublic entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

New Accounting Pronouncements (cont'd.)

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 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, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted for all entities.

ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is the result of a joint project of the FASB and IASB to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards.

The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity should apply the following five-step process to recognize revenue:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For nonpublic entities, the amendments of ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted under certain circumstances.

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

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 3 - Concentration of Credit Risk

CaringKind maintains cash balances in several financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, CaringKind's balances may exceed these limits.

Note 4 - Restricted Cash

CaringKind has a certificate of deposit with a bank, which is pledged as collateral for its leased property (see Note 12) and a corresponding letter of credit (see Note 14). The certificate of deposit at June 30, 2019 and 2018 was \$113,200 and \$111,613, respectively.

Note 5 - 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.

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, 2019:

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

The following table presents CaringKind's assets that are measured at fair value on a recurring basis at June 30, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	<u>\$ 12,358</u>	<u>\$ 12,358</u>	<u>\$ -</u>	<u>\$ -</u>

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 6 - Investments

The following is a summary of investments held at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Mutual Funds	\$ <u>13,074</u>	\$ <u>12,358</u>

Investment income consisted of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 10,548	\$ 10,168
Realized gain	<u>280</u>	<u>1,007</u>
	<u>\$ 10,828</u>	<u>\$ 11,175</u>

Note 7 - Contributions Receivable

Contributions receivable, net, are due as follows:

	<u>2019</u>	<u>2018</u>
Amounts due within one year	\$ 352,745	\$ 237,850
Amounts due in one to five years	<u>50,000</u>	<u>100,000</u>
	402,745	337,850
Less: Allowance for doubtful accounts	<u>6,556</u>	<u>6,806</u>
	<u>\$ 396,189</u>	<u>\$ 331,044</u>

Note 8 - Fixed Assets

Fixed assets, net, consist of the following:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 2,695,842	\$ 2,695,842
Equipment	<u>740,797</u>	<u>771,486</u>
	3,436,639	3,467,328
Less: Accumulated depreciation and amortization	<u>1,788,627</u>	<u>1,555,266</u>
	<u>\$ 1,648,012</u>	<u>\$ 1,912,062</u>

Depreciation and amortization expense related to fixed assets amounted to \$270,306 and \$319,664 for the years ended June 30, 2019 and 2018, respectively.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 9 - Retirement Plan

CaringKind has a defined contribution retirement plan for all eligible employees. CaringKind's contributions are equal to 5%-10% of each employee's annual compensation. Retirement expense for the years ended June 30, 2019 and 2018 was \$113,953 and \$162,563, respectively.

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>2019</u>	<u>2018</u>
Patient and family services	\$ 904,364	\$ 314,927
Public awareness and education	357,940	792,658
Capital grants	<u>5,348</u>	<u>2,185</u>
	<u>\$ 1,267,652</u>	<u>\$ 1,109,770</u>

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

	<u>2019</u>	<u>2018</u>
Patient and family services	\$ 546,649	\$ 596,731
Public awareness and education	599,883	404,655
Appropriation of endowments	-	20,000
Research	1,135,291	9,053
Fundraising	14,139	-
Capital grants	<u>4,192</u>	<u>2,816</u>
	<u>\$ 2,300,154</u>	<u>\$ 1,033,255</u>

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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 the organization
7. Investment policy of the organization

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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Unspent Earnings	Endowments	
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>\$ -</u>	<u>\$ 5,259</u>	<u>\$ 261,326</u>	<u>\$ 266,585</u>

Endowment Net Asset Composition by Type of Fund at June 30, 2018

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Unspent Earnings	Endowments	
Estate of John Marshall	\$ 4,122	\$ 201	\$ 53,838	\$ 58,161
Louis and Mildred Davis	3,828	186	50,000	54,014
Cappiello-Finocchiaro	3,977	194	51,950	56,121
The Baschkopf Family	8,073	392	105,448	113,913
	<u>\$ 20,000</u>	<u>\$ 973</u>	<u>\$ 261,236</u>	<u>\$ 282,209</u>

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

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Unspent Earnings	Endowments	
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>

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 11 - Endowment Funds (cont'd.)

Changes in Endowment Net Assets for the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Unspent Earnings	Endowments	
Endowment net assets, beginning of year	\$ -	\$ 17,429	\$ 261,162	\$ 278,591
Appropriation	20,000	(20,000)	-	-
Interest and dividends	-	3,544	74	3,618
Endowment net assets, end of year	<u>\$ 20,000</u>	<u>\$ 973</u>	<u>\$ 261,236</u>	<u>\$ 282,209</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. The commitments are as follows:

Years Ending June 30:

2020	\$ 686,421
2021	681,473
2022	681,473
2023	712,722
2024	722,048
Thereafter	<u>2,497,081</u>
	<u>\$ 5,981,218</u>

Rent expense was \$666,089 and \$670,167 for the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, actual cash paid for rent was \$774,490 and \$1,037,891, respectively.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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>2019</u>	<u>2018</u>
Program services	\$ 219,269	\$ 277,858
Fundraising	395,542	520,664
	<u>\$ 614,811</u>	<u>\$ 798,522</u>

Note 14 - Commitments and Contingencies

At June 30, 2019, CaringKind has a letter of credit outstanding in the amount of \$113,200 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 (see Note 4).

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, 2018, CaringKind incurred non-recurring costs and expenses totaling \$177,353.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 15 - Available Resources and Liquidity

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

Financial assets at year-end:	
Cash and cash equivalents	\$ 929,806
Certificates of deposit	579,285
Investments	13,074
Contributions receivable, net	396,189
Accounts receivable	63,330
Total financial assets	<u>1,981,684</u>
Contractual or donor-imposed restrictions:	
Purpose restricted	(1,267,652)
Endowments	(266,585)
Certificate of deposit pledged as collateral	(113,200)
Donor-imposed restrictions to be utilized in subsequent year	<u>849,293</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,183,540</u></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 their 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, 2019 through September 30, 2019, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.