

**ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND - FORMERLY KNOWN AS ALZHEIMER'S ASSOCIATION,
NEW YORK CITY CHAPTER)**

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

CARINGKIND

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
CaringKind
New York, New York

We have audited the accompanying financial statements of CaringKind (formerly known as Alzheimer's Association, New York City Chapter), which comprise the statements of financial position at June 30, 2016 and 2015, 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 (formerly known as Alzheimer's Association, New York City Chapter) at June 30, 2016 and 2015, 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.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York

October 13, 2016

CARINGKIND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,979,454	\$ 1,996,613
Certificates of deposit	838,139	1,767,644
Investments	921,499	2,254,547
Due from Alzheimer's Association National Office	616,565	594,492
Contributions receivable, net of allowance for doubtful accounts of \$4,507 in 2016 and \$4,807 in 2015	401,143	870,335
Accounts receivable	1,108,187	104,776
Other assets	243,277	244,705
Fixed assets, net	<u>2,568,372</u>	<u>2,822,426</u>
 TOTAL ASSETS	 <u>\$ 8,676,636</u>	 <u>\$ 10,655,538</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 455,358	\$ 458,477
Due to Alzheimer's Association National Office	547,113	817,855
Deferred rent	1,369,267	1,585,590
Annuity payment obligations	23,983	29,773
Deferred revenue	<u>110,850</u>	<u>79,550</u>
 TOTAL LIABILITIES	 <u>2,506,571</u>	 <u>2,971,245</u>
 COMMITMENTS AND CONTINGENCIES		
Net assets:		
Unrestricted	4,017,811	4,736,300
Temporarily restricted	1,891,119	2,686,898
Permanently restricted	<u>261,135</u>	<u>261,095</u>
 TOTAL NET ASSETS	 <u>6,170,065</u>	 <u>7,684,293</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,676,636</u>	 <u>\$ 10,655,538</u>

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

CARINGKIND
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues, gains, losses and other support:								
Contributions:								
Individuals	\$ 957,968	\$ 360,872	\$ -	\$ 1,318,840	\$ 496,115	\$ 761,405	\$ -	\$ 1,257,520
Corporate and foundations	322,173	385,500	-	707,673	157,080	835,450	-	992,530
Bequests	974,475	149,964	-	1,124,439	1,006,542	603,536	-	1,610,078
Special events	3,962,420	100,200	-	4,062,620	4,373,722	147,751	-	4,521,473
Less: Costs of direct benefits of special events	(275,254)	-	-	(275,254)	(344,627)	-	-	(344,627)
Revenue earned under Shared Fundraising Agreement	1,014,786	-	-	1,014,786	2,014,669	-	-	2,014,669
Less: National's portion under Shared Fundraising Agreement	(859,014)	-	-	(859,014)	(2,275,532)	-	-	(2,275,532)
Government grants	1,418,483	-	-	1,418,483	267,514	-	-	267,514
Program service revenues	111,443	-	-	111,443	95,465	-	-	95,465
Investment income (including realized gains and losses)	37,840	1,904	40	39,784	42,373	2,531	53	44,957
Unrealized loss on investments	(5,960)	-	-	(5,960)	(24,185)	-	-	(24,185)
Other revenue	20,078	-	-	20,078	37,722	-	-	37,722
Net assets released from restrictions	1,794,219	(1,794,219)	-	-	1,908,353	(1,908,353)	-	-
Total operating revenues, gains, losses and other support	9,473,657	(795,779)	40	8,677,918	7,755,211	442,320	53	8,197,584
Operating Expenses:								
Program services:								
Patient and family services	3,808,811	-	-	3,808,811	3,528,907	-	-	3,528,907
Public awareness and education	2,758,211	-	-	2,758,211	2,332,709	-	-	2,332,709
Public policy	228,731	-	-	228,731	222,627	-	-	222,627
Research	168,077	-	-	168,077	98,895	-	-	98,895
Supporting services:								
Management and general	1,224,809	-	-	1,224,809	1,186,346	-	-	1,186,346
Fundraising	1,354,921	-	-	1,354,921	1,276,300	-	-	1,276,300
Total Operating Expenses	9,543,560	-	-	9,543,560	8,645,784	-	-	8,645,784
Change in net assets before nonoperating activities	(69,903)	(795,779)	40	(865,642)	(890,573)	442,320	53	(448,200)
Nonoperating Activities:								
Separation costs	648,586	-	-	648,586	-	-	-	-
Change in net assets	(718,489)	(795,779)	40	(1,514,228)	(890,573)	442,320	53	(448,200)
Net assets, beginning of year	4,736,300	2,686,898	261,095	7,684,293	5,626,873	2,244,578	261,042	8,132,493
Net assets, end of year	<u>\$ 4,017,811</u>	<u>\$ 1,891,119</u>	<u>\$ 261,135</u>	<u>\$ 6,170,065</u>	<u>\$ 4,736,300</u>	<u>\$ 2,686,898</u>	<u>\$ 261,095</u>	<u>\$ 7,684,293</u>

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

CARINGKIND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services				Supporting Services			Total 2016
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	Cost of Direct Benefits of Special Events	
Salaries	\$ 1,780,639	\$ 903,218	\$ 105,264	\$ -	\$ 756,965	\$ 653,463	\$ -	\$ 4,199,549
Fringe benefits	414,926	200,586	24,264	-	173,634	149,894	-	963,304
Professional services and contract service payments	237,643	594,265	70,743	-	157,198	106,660	-	1,166,509
Supplies	44,203	102,700	419	-	11,200	78,313	-	236,835
Telephone	18,102	14,739	387	-	10,403	6,172	-	49,803
Postage and shipping	14,604	29,311	13	-	4,244	23,051	-	71,223
Occupancy	700,842	361,068	12,343	-	136,994	143,955	-	1,355,202
Insurance	14,008	7,043	378	-	5,255	4,634	-	31,318
Printing and publications	45,572	531,951	-	-	3,081	58,357	-	638,961
Staff development	1,770	3,740	10,752	-	1,700	440	-	18,402
Conferences	38,967	214,879	1,305	-	3,480	10,518	275,254	544,403
Travel	34,828	9,437	113	-	8,018	12,265	-	64,661
Research grants and allocations	7,513	238	-	168,077	250	-	-	176,078
Client services	230,819	75,000	-	-	-	-	-	305,819
Depreciation and amortization	239,168	123,224	4,191	-	41,804	43,380	-	451,767
Miscellaneous	18,287	59,774	308	-	11,639	103,558	-	193,566
Total expenses	3,841,891	3,231,173	230,480	168,077	1,325,865	1,394,660	275,254	10,467,400
Separation costs	(33,080)	(472,962)	(1,749)	-	(101,056)	(39,739)	-	(648,586)
Cost of direct benefits of special events	-	-	-	-	-	-	(275,254)	(275,254)
Total expenses reported by function on the statement of activities	\$ 3,808,811	\$ 2,758,211	\$ 228,731	\$ 168,077	\$ 1,224,809	\$ 1,354,921	\$ -	\$ 9,543,560

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

CARINGKIND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services				Supporting Services			Total 2015
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	Cost of Direct Benefits of Special Events	
Salaries	\$ 1,486,553	\$ 818,789	\$ 128,760	\$ -	\$ 679,322	\$ 586,673	\$ -	\$ 3,700,097
Fringe benefits	383,541	207,267	33,958	-	174,364	150,582	-	949,712
Professional services and contract service payments	261,248	133,824	1,185	-	88,119	58,799	-	543,175
Supplies	46,184	100,463	1,340	-	10,631	87,984	-	246,602
Telephone	19,207	10,067	864	-	9,662	5,934	-	45,734
Postage and shipping	24,359	63,547	22	-	1,732	28,407	-	118,067
Occupancy	713,053	374,957	13,464	-	134,006	133,333	-	1,368,813
Insurance	13,142	7,008	793	-	5,291	4,486	-	30,720
Printing and publications	70,771	134,388	56	-	4,306	68,015	-	277,536
Staff development	4,211	2,494	27,836	-	2,864	1,012	-	38,417
Conferences	36,276	197,986	1,550	-	13,504	-	344,627	593,943
Travel	43,946	18,552	8,497	-	12,732	15,169	-	98,896
Research grants and allocations	3,330	900	-	98,895	-	-	-	103,125
Client services	182,838	103,350	-	-	-	-	-	286,188
Depreciation and amortization	234,010	122,916	4,117	-	41,065	41,675	-	443,783
Miscellaneous	6,238	36,201	185	-	8,748	94,231	-	145,603
Total expenses	3,528,907	2,332,709	222,627	98,895	1,186,346	1,276,300	344,627	8,990,411
Cost of direct benefits of special events	-	-	-	-	-	-	(344,627)	(344,627)
Total expenses reported by function on the statement of activities	\$ 3,528,907	\$ 2,332,709	\$ 222,627	\$ 98,895	\$ 1,186,346	\$ 1,276,300	\$ -	\$ 8,645,784

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

CARINGKIND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,514,228)	\$ (448,200)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Actuarial (gain) loss on annuity obligations	(3,228)	3,252
Unrealized loss on investments	5,960	24,185
Donated stock	(104,610)	(101,547)
Deferred rent	(216,323)	(144,562)
Depreciation and amortization	451,767	443,783
Changes in assets (increase) decrease:		
Due from Alzheimer's Association National Office	(22,073)	(272,114)
Contributions receivable	469,192	96,981
Accounts receivable	(1,003,411)	(92,162)
Other assets	1,428	(25,153)
Changes in liabilities increase (decrease):		
Accounts payable and accrued expenses	(3,119)	48,779
Due to Alzheimer's Association National Office	(270,742)	120,415
Deferred revenue	<u>31,300</u>	<u>(17,025)</u>
Net cash used in operating activities	<u>(2,178,087)</u>	<u>(363,368)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,676,090	1,101,876
Decrease in certificates of deposit	929,505	261,425
Fixed asset acquisitions	(197,713)	(56,673)
Purchase of investments	<u>(244,392)</u>	<u>(459,066)</u>
Net cash provided by investing activities	<u>2,163,490</u>	<u>847,562</u>
Cash flows from financing activities:		
Annuity obligation payments	<u>(2,562)</u>	<u>(3,252)</u>
Net cash used in financing activities	<u>(2,562)</u>	<u>(3,252)</u>
Net (decrease) increase in cash and cash equivalents	(17,159)	480,942
Cash and cash equivalents, beginning of year	<u>1,996,613</u>	<u>1,515,671</u>
Cash and cash equivalents, end of year	<u>\$ 1,979,454</u>	<u>\$ 1,996,613</u>

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

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 1 - Nature and Purpose of Organization

The Alzheimer's Disease and Related Disorders, New York City Inc. (d/b/a CaringKind, f/k/a Alzheimer's Association, New York City Chapter (the "Chapter")) was incorporated under the Not-for-Profit Corporation Law of the State of New York on May 7, 1985. The Chapter separated from the Alzheimer's Association ("National") on December 1, 2015. While retaining its original legal name, as of March 1, 2016, the Chapter started operating under the assumed name, CaringKind. The separation of the Chapter 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 family 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

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:

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.

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Fair Value of Financial Instruments (cont'd.)

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, 2016 and 2015, the cost basis of CaringKind's financial instruments, including cash and cash equivalents, certificates of deposit, contributions receivable, accounts receivable, accounts payable and accrued expenses, and annuity payment obligations, 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 Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

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.

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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. 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.

Deferred revenue represents amounts received for special events that have not yet been earned.

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, 2016 and 2015, CaringKind has recorded an allowance for doubtful accounts of \$4,507 and \$4,807, 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 life of existing assets. Equipment is depreciated between three and seven years.

Contributions

CaringKind reports gifts of cash and other assets as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Shared Fundraising Agreement

The Chapter 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.

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Shared Fundraising Agreement (cont'd.)

Under the Fundraising Agreement, the Chapter and National allocate percentages of shared revenues, based on cash received, as defined, among the Chapter, 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, the Chapter is not required to pay dues to National.

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

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

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 unrestricted net assets. The fair market value of the investments is \$18,796 and \$26,203 at June 30, 2016 and 2015, respectively.

Net Assets

Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors. Temporarily restricted net assets are those net assets that are restricted by the donors for specific purposes. Permanently restricted net assets are those net assets whose principal may not be expended. The donors may or may not restrict the use of investment income.

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.

Measure of Operations

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

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist CaringKind with specific assistance programs, campaign solicitations and various committee assignments. No expense is reflected in these financial statements since the services provided do not meet the criteria for recognition under FASB ASC Topic 605.

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 adopted 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 prior to 2013.

New Accounting Pronouncements

ASU No. 2016-14

On August 18, 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-14, *Non-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Non-for-Profit Entities*. This ASU is a result of the recommendations developed by FASB’s Not-for-Profit Advisory Committee and FASB’s ongoing review of Generally Accepted Accounting Principles (GAAP) standards to improve existing standards to meet the evolving needs of a dynamic financial reporting environment.

The ASU provides for changes in financial statement presentation that effect classification of net assets, presentation of expenses, investment returns and presentation of operating cash flows. It also calls for enhanced disclosures of board designated funds, underwater endowment funds, methods used to allocate costs among functions, and liquidity and availability of resources. The ASU affects all not-for-profit organizations including charities, foundations, colleges and universities, health care providers, religious organizations, trade associations, and cultural institutions, among others.

The amendments of ASU No. 2016-14 are effective for annual financial statements issued for periods beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted.

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 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.

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

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, 2016 and 2015 was \$120,157 and \$117,507, 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.

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 5 - 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 on 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, 2016:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	<u>\$ 921,499</u>	<u>\$ 921,499</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, 2015:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	<u>\$ 2,254,547</u>	<u>\$ 2,254,547</u>	<u>\$ -</u>	<u>\$ -</u>

Note 6 - Investments

The following is a summary of investments held at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Mutual Funds	<u>\$ 921,499</u>	<u>\$ 2,254,547</u>
Investment income consists of:		
Interest and dividend income	\$ 48,735	\$ 53,450
Realized loss	<u>(8,951)</u>	<u>(8,493)</u>
	<u>\$ 39,784</u>	<u>\$ 44,957</u>

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 7 - Contributions Receivable

Contributions receivable, net, are due as follows:

	<u>2016</u>	<u>2015</u>
Amounts due within one year	\$ 405,650	\$ 817,142
Amounts due in one to five years	-	58,000
	<u>405,650</u>	<u>875,142</u>
Less: Allowance for doubtful accounts	4,507	4,807
	<u><u>\$ 401,143</u></u>	<u><u>\$ 870,335</u></u>

Note 8 - Fixed Assets

Fixed assets, net, consist of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 4,122,588	\$ 4,122,588
Equipment	1,221,189	1,039,677
	<u>5,343,777</u>	<u>5,162,265</u>
Less: Accumulated depreciation and amortization	2,775,405	2,339,839
	<u><u>\$ 2,568,372</u></u>	<u><u>\$ 2,822,426</u></u>

Depreciation and amortization expense related to fixed assets amounted to \$451,767 and \$443,783 for the years ended June 30, 2016 and 2015, respectively.

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, 2016 and 2015 was \$165,997 and \$168,088, respectively.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Patient and family services	\$ 886,012	\$ 1,436,329
Public awareness and education	988,976	1,235,190
Endowments	16,131	14,228
Capital grants	<u>-</u>	<u>1,151</u>
	<u>\$ 1,891,119</u>	<u>\$ 2,686,898</u>

Temporarily restricted net assets were released from restrictions by incurring expenses and capital expenditures satisfying the following:

	<u>2016</u>	<u>2015</u>
Patient and family services	\$ 1,191,534	\$ 1,338,302
Public awareness and education	432,357	444,467
Appropriation of endowments	-	23,000
Research	168,077	98,895
Capital grants	<u>2,251</u>	<u>3,689</u>
	<u>\$ 1,794,219</u>	<u>\$ 1,908,353</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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 effect 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 permanently restricted 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 temporarily restricted net assets.

It is CaringKind's policy that any remaining portion of the donor-restricted endowment funds, if any, that is not classified in permanently restricted net assets is classified as temporarily 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 temporarily restricted income except for 10% of investment earnings attributable to the Estate of John Marshall, reinvested in the permanently restricted net assets. 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.

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Estate of John Marshall	\$ -	\$ 3,232	\$ 53,736	\$ 56,968
Louis and Mildred Davis	-	3,110	50,000	53,110
Cappiello-Finocchiaro	-	3,231	51,949	55,180
The Baschkopf Family	-	6,558	105,450	112,008
	<u>\$ -</u>	<u>\$ 16,131</u>	<u>\$ 261,135</u>	<u>\$ 277,266</u>

Endowment Net Asset Composition by Type of Fund at June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Estate of John Marshall	\$ -	\$ 2,926	\$ 53,696	\$ 56,622
Louis and Mildred Davis	-	2,725	50,000	52,725
Cappiello-Finocchiaro	-	2,831	51,949	54,780
The Baschkopf Family	-	5,746	105,450	111,196
	<u>\$ -</u>	<u>\$ 14,228</u>	<u>\$ 261,095</u>	<u>\$ 275,323</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 14,228	\$ 261,095	\$ 275,323
Interest and dividends	-	1,903	40	1,943
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 16,131</u>	<u>\$ 261,135</u>	<u>\$ 277,266</u>

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 11 - Endowment Funds (cont'd.)

Changes in Endowment Net Assets for the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 34,697	\$ 261,042	\$ 295,739
Expenditures	(23,000)	-	-	(23,000)
Appropriation	23,000	(23,000)	-	-
Interest and dividends	-	2,531	53	2,584
	<u>-</u>	<u>2,531</u>	<u>53</u>	<u>2,584</u>
 Endowment net assets, end of year	 \$ -	 \$ 14,228	 \$ 261,095	 \$ 275,323
	<u>-</u>	<u>14,228</u>	<u>261,095</u>	<u>275,323</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 expires in July 2016. The lease was amended in September 2011 and extended through January 2028 with a ten-month concession for the additional space leased. The lease is being amortized on the straight-line basis over the lease term. Additionally, CaringKind leases office equipment with lease payments through December 2019. The commitments are as follows:

Years Ending June 30:

2017	\$ 940,787
2018	1,290,419
2019	1,357,127
2020	1,334,252
2021	1,322,879
Thereafter	<u>9,272,719</u>
	<u>\$ 15,518,183</u>

Rent expense was \$1,217,212 and \$1,262,267 for the years ended June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, actual cash paid for rent was \$1,433,535 and \$1,406,312, respectively.

CARINGKIND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 Walk to End Alzheimer's, 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>2016</u>	<u>2015</u>
Program services	\$ 427,951	\$ 376,753
Fundraising	<u>753,947</u>	<u>733,253</u>
	<u>\$ 1,181,898</u>	<u>\$ 1,110,006</u>

Note 14 - Commitments and Contingencies

CaringKind has a letter of credit outstanding in the amount of \$120,157 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).

The Chapter and National previously entered into a Statement of Relationship which established the reciprocal responsibilities between the Chapter and National. The Statement of Relationship contains a provision under which the ultimate disposition of Chapter assets may be determined. CaringKind believes it has fulfilled all of its financial obligations pursuant to shared fundraising as of the date of separation, December 1, 2015.

As a result of the separation, CaringKind incurred non-recurring costs and expenses totaling \$749,287, of which \$648,586 was recognized as an expense and \$100,701 was recognized as fixed assets.

Note 15 - Subsequent Events

CaringKind has evaluated all events or transactions that occurred after June 30, 2016 through the date of these financial statements, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.