

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

(D/B/A CARINGKIND)

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

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, 2021 and 2020, 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, 2021 and 2020, 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
September 30, 2021

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,168,614	\$ 1,244,109
Certificates of deposit	115,567	114,930
Investments	12,284	13,894
Contributions receivable, net of allowance for doubtful accounts of \$7,056 in 2021 and 2020	422,444	180,643
Accounts receivable	114,006	135,525
Other assets	111,510	86,689
Property and equipment, net	<u>1,243,366</u>	<u>1,419,206</u>
 TOTAL ASSETS	 <u>\$ 4,187,791</u>	 <u>\$ 3,194,996</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 270,273	\$ 223,013
Deferred rent	1,350,332	1,128,112
Annuity payment obligations	18,190	19,686
Paycheck Protection Program loan payable	<u>467,400</u>	<u>467,400</u>
 TOTAL LIABILITIES	 <u>2,106,195</u>	 <u>1,838,211</u>
COMMITMENTS AND CONTINGENCIES		
Net assets:		
Without donor restrictions	1,367,504	489,261
With donor restrictions:		
Purpose restricted	550,683	596,244
Endowments	<u>163,409</u>	<u>271,280</u>
 TOTAL NET ASSETS	 <u>2,081,596</u>	 <u>1,356,785</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,187,791</u>	 <u>\$ 3,194,996</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, 2021 AND 2020

	2021				2020			
	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	\$ 637,098	\$ 170,745	\$ -	\$ 807,843	\$ 897,074	\$ 92,080	\$ -	\$ 989,154
Corporate and foundations	599,890	523,500	-	1,123,390	284,362	562,798	-	847,160
Bequests	121,492	-	-	121,492	-	-	-	-
In-kind	13,183	-	-	13,183	14,306	-	-	14,306
Special events	1,855,360	16,500	-	1,871,860	1,162,700	2,000	-	1,164,700
Less: Costs of direct benefits of special events	-	-	-	-	(16,625)	-	-	(16,625)
Government grants	444,400	-	-	444,400	395,191	-	-	395,191
Program service revenues	18,816	-	-	18,816	50,617	-	-	50,617
Investment (loss) income (including realized gains and losses), net	(10,457)	-	17	(10,440)	3,977	-	4,695	8,672
Unrealized loss on investments	(944)	-	-	(944)	(3,301)	-	-	(3,301)
Other revenue	11,170	-	-	11,170	47,025	-	-	47,025
Net assets released from restrictions	801,306	(801,306)	-	-	1,153,286	(1,153,286)	-	-
Total operating revenues, gains, losses and other support	<u>4,491,314</u>	<u>(90,561)</u>	<u>17</u>	<u>4,400,770</u>	<u>3,988,612</u>	<u>(496,408)</u>	<u>4,695</u>	<u>3,496,899</u>
Operating Expenses:								
Program services:								
Patient and family services	1,848,047	-	-	1,848,047	1,952,181	-	-	1,952,181
Public awareness and education	1,027,341	-	-	1,027,341	1,063,045	-	-	1,063,045
Public policy	6,651	-	-	6,651	9,691	-	-	9,691
Research	5,000	-	-	5,000	10,667	-	-	10,667
Supporting services:								
Management and general	548,472	-	-	548,472	822,334	-	-	822,334
Fundraising	707,848	-	-	707,848	587,433	-	-	587,433
Total operating expenses	<u>4,143,359</u>	<u>-</u>	<u>-</u>	<u>4,143,359</u>	<u>4,445,351</u>	<u>-</u>	<u>-</u>	<u>4,445,351</u>
Change in net assets before nonoperating activities	347,955	(90,561)	17	257,411	(456,739)	(496,408)	4,695	(948,452)
Nonoperating Activities:								
Forgiveness of debt	467,400	-	-	467,400	-	-	-	-
Reclassifications from donors and others	62,888	45,000	(107,888)	-	175,000	(175,000)	-	-
Change in net assets	878,243	(45,561)	(107,871)	724,811	(281,739)	(671,408)	4,695	(948,452)
Net assets, beginning of year	<u>489,261</u>	<u>596,244</u>	<u>271,280</u>	<u>1,356,785</u>	<u>771,000</u>	<u>1,267,652</u>	<u>266,585</u>	<u>2,305,237</u>
Net assets, end of year	<u>\$ 1,367,504</u>	<u>\$ 550,683</u>	<u>\$ 163,409</u>	<u>\$ 2,081,596</u>	<u>\$ 489,261</u>	<u>\$ 596,244</u>	<u>\$ 271,280</u>	<u>\$ 1,356,785</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, 2021

	Program Services				Supporting Services		Total
	Patient and Family Services	Public Awareness and Education	Public Policy	Research	Management and General	Fund Raising	
Salaries	\$ 868,118	\$ 411,810	\$ -	\$ -	\$ 344,877	\$ 365,922	\$ 1,990,727
Fringe benefits	201,586	96,382	-	-	80,162	84,588	462,718
Professional services and contract service payments	133,400	23,992	-	-	36,751	39,777	233,920
Supplies	3,537	10,354	-	-	855	12,644	27,390
Telephone	10,794	5,392	-	-	2,607	2,670	21,463
Postage and shipping	2,677	7,091	1	-	184	8,195	18,148
Occupancy	333,458	295,221	-	-	55,440	56,490	740,609
Insurance	12,366	6,387	-	-	4,483	3,510	26,746
Printing and publications	2,928	34,934	-	-	138	71,826	109,826
Staff development	1,503	1,488	-	-	-	-	2,991
Conferences	90	15,450	50	-	-	21,150	36,740
Travel	222	143	-	-	-	417	782
Research grants and allocations	-	-	-	5,000	-	-	5,000
Client services	186,077	31,950	-	-	-	-	218,027
Depreciation and amortization	90,697	86,543	-	-	13,296	12,764	203,300
Miscellaneous	594	204	-	-	3,096	27,895	31,789
In-kind expenses	-	-	6,600	-	6,583	-	13,183
Total expenses reported by function on the statement of activities	\$ 1,848,047	\$ 1,027,341	\$ 6,651	\$ 5,000	\$ 548,472	\$ 707,848	\$ 4,143,359

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			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	\$ 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)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 724,811	\$ (948,452)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Actuarial loss on annuity obligations	836	3,662
Forgiveness of debt	(467,400)	-
Realized loss (gain) on investments	11,708	(384)
Unrealized loss on investments	944	3,301
Donated stock	(244,475)	(95,548)
Bad debt	-	5,000
Deferred rent	222,220	(53,297)
Depreciation and amortization	203,300	235,124
Changes in assets (increase) decrease:		
Contributions receivable	(241,801)	210,546
Accounts receivable	21,519	(72,195)
Other assets	(24,821)	(23,617)
Changes in liabilities increase:		
Accounts payable and accrued expenses	47,260	35,247
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	254,101	(700,613)
	<hr/>	<hr/>
Cash flows from investing activities:		
Proceeds from sale of investments	233,653	92,185
Purchase of investments	(220)	(374)
(Increase) decrease in certificates of deposit	(637)	464,355
Property and equipment acquisitions	(27,460)	(6,318)
	<hr/>	<hr/>
Net cash provided by investing activities	205,336	549,848
	<hr/>	<hr/>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	467,400	467,400
Annuity obligation payments	(2,332)	(2,332)
	<hr/>	<hr/>
Net cash provided by financing activities	465,068	465,068
	<hr/>	<hr/>
Net change in cash and cash equivalents	924,505	314,303
Cash and cash equivalents, beginning of year	1,244,109	929,806
	<hr/>	<hr/>
Cash and cash equivalents, end of year	\$ 2,168,614	\$ 1,244,109
	<hr/> <hr/>	<hr/> <hr/>
Supplemental disclosure of non-cash activities:		
Forgiveness of debt	\$ 467,400	\$ -
	<hr/> <hr/>	<hr/> <hr/>

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, 2021 AND 2020

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

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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") 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 and cash equivalents was \$18,532 and \$20,774 at June 30, 2021 and 2020, respectively.

Fair Value Measurement

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 framework for measuring fair value is used which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC Topic 820, *Fair Value Measurement*, are described 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.

Refer to Note 4 for assets measured at fair value at June 30, 2021 and 2020 in accordance with FASB ASC Topic 820.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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, 2021, 2020 and 2019.

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.

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. 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.

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, 2021 and 2020, CaringKind has recorded an allowance for doubtful accounts of \$7,056.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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, 2021, 2020 and 2019.

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, 2021 AND 2020

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:

Nature of the Gift	Value Recognized
<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>i.e.</i> , 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.

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, 2021 and 2020, CaringKind recognized donated legal services of \$13,183 and \$14,306, respectively, of which \$6,583 in 2021 and \$14,306 in 2020 were received from a related party.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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 extinguishment of debt and donor reclassifications.

Accounting for Uncertainty in Income Taxes

CaringKind 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 2018.

New Accounting Pronouncements

ASU 2020-07

In September 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the statement of activities apart from contributions of cash or other financial assets.

The amendments of ASU No. 2020-07 are effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early application is permitted for all entities.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 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 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 balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At June 30, 2021 and from time to time during the years ended June 30, 2021 and 2020, the balance in CaringKind's cash accounts exceeded federally insured limits.

Note 4 - Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

Investments in mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by CaringKind are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by CaringKind are deemed to be actively traded.

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

The following table presents CaringKind's assets that are measured at fair value on a recurring basis at June 30, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	\$ 12,284	\$ 12,284	\$ -	\$ -

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	\$ -	\$ -

Investment (loss) income consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 1,268	\$ 8,288
Realized (loss) gain	(11,708)	384
Unrealized loss	(944)	(3,301)
	<u>\$ (11,384)</u>	<u>\$ 5,371</u>

Note 5 - Property and Equipment

Property and equipment, net consists of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 2,695,842	\$ 2,695,842
Equipment	682,996	724,987
	<u>3,378,838</u>	<u>3,420,829</u>
Less: Accumulated depreciation and amortization	<u>2,135,472</u>	<u>2,001,623</u>
	<u>\$ 1,243,366</u>	<u>\$ 1,419,206</u>

There was \$69,451 and \$22,128 of fully depreciated and amortized leasehold improvements and equipment written off in 2021 and 2020, respectively.

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Note 6 - Paycheck Protection Program Loan Payable

Loan payable is summarized as follows:

In April 2020, CaringKind entered into a \$467,400 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 ("SBA") with support from the Department of the Treasury. In December 2020, CaringKind applied for and was granted forgiveness by the full amount of the loan. As a result, the loan forgiveness is reported in the statement of activities for the year ended June 30, 2021.

In March 2021, CaringKind received \$467,400 from a financial institution under a second draw PPP, administered by the SBA with support from the Department of the Treasury. The loan is unsecured, bears interest at 1% per annum and matures in February 2026; however, the PPP provides for the forgiveness of up to the entire amount of the loan (including interest) if certain conditions are met. In June 2022, equal monthly installments of principal and interest are scheduled to commence, which will include interest payable. CaringKind believes that its use of the proceeds will meet the conditions for forgiveness under the PPP and expects the funds to be recorded as revenue when forgiveness has been granted by the SBA.

Future maturities of the loan payable are as follows:

<u>Years Ending June 30:</u>	
2022	\$ 6,009
2023	124,581
2024	125,833
2025	127,097
2026	<u>83,880</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 during fiscal year 2022.

Note 7 - Retirement Plan

CaringKind has a defined contribution retirement plan for all eligible employees. CaringKind's contributions are equal to 5% of each employee's annual compensation. Retirement expense for the years ended June 30, 2021 and 2020 was \$78,579 and \$99,041, respectively.

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Note 8 - 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>2021</u>	<u>2020</u>
Patient and family services	\$ 530,115	\$ 445,781
Public awareness and education	12,174	150,463
Capital grants	8,394	-
	<u>\$ 550,683</u>	<u>\$ 596,244</u>

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

	<u>2021</u>	<u>2020</u>
Patient and family services	\$ 605,648	\$805,183
Public awareness and education	177,013	332,089
Research	5,000	10,667
Capital grants	13,645	5,347
	<u>\$ 801,306</u>	<u>\$ 1,153,286</u>

During the year ended June 30, 2021, there was \$45,000 of contributions received in 2020 that was changed to donor restricted based on the donor's intent. In addition, there was \$175,000 of net assets released from donor restrictions due to a change in donor intent during the year ended June 30, 2020.

Note 9 - Endowment Funds

General

CaringKind's endowment as of June 30, 2021 consists of two 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. During June 2020, CaringKind filed a Notice of Intent with the State of New York Office of the Attorney General's ("NYSAG") office requesting approval to release two donor-restricted endowments. In July 2020, CaringKind received approval from the NYSAG to release the Estate of John Marshall Fund and the Louis and Mildred Davis Fund, totaling \$107,888. 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 9 - 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. 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 9 - 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, 2021

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Unspent Earnings</u>	<u>Original Donor Gift</u>	
Cappiello-Finocchiaro	1,985	51,950	53,935
The Baschkopf Family	4,026	105,448	109,474
	<u>\$ 6,011</u>	<u>\$ 157,398</u>	<u>\$ 163,409</u>

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

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Unspent Earnings</u>	<u>Original Donor Gift</u>	
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>

Changes in Endowment Net Assets for the Year Ended June 30, 2021

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Unspent Earnings</u>	<u>Original Donor Gift</u>	
Endowment net assets, beginning of year	\$ 9,857	\$ 261,423	\$ 271,280
Interest and dividends	17	-	17
Release from restrictions	<u>(3,863)</u>	<u>(104,025)</u>	<u>(107,888)</u>
Endowment net assets, end of year	<u>\$ 6,011</u>	<u>\$ 157,398</u>	<u>\$ 163,409</u>

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Note 9 - Endowment Funds (cont'd.)

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

	With Donor Restrictions		Total
	Accumulated Unspent Earnings	Original Donor Gift	
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	\$ 9,857	\$ 261,423	\$ 271,280

Note 10 - 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. As a result of COVID-19, in 2021 CaringKind negotiated a rent deferment with its landlord for a one-year period whereby monthly rent was reduced with the difference to be amortized over the last four years of the lease term.

The lease is being amortized on the straight-line basis over the lease term. Additionally, CaringKind leases office equipment with lease payments through June 2023.

The commitments are as follows:

<u>Years Ending June 30:</u>	
2022	\$ 687,465
2023	714,800
2024	776,829
2025	808,884
2026	803,994
Thereafter	1,243,209
	\$ 5,035,181

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Note 10 - Lease Agreements (cont'd.)

Lease expense was \$690,410 and \$703,422 for the years ended June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, actual cash paid for rent was \$530,020 and \$784,690, respectively.

At June 30, 2021, CaringKind has a letter of credit outstanding in the amount of \$115,567 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 11 - 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>2021</u>	<u>2020</u>
Program services	\$ 76,911	\$ 106,010
Fundraising	155,817	143,972
	<u>\$ 232,728</u>	<u>\$ 249,982</u>

Note 12 - Deferred Employer Payroll Taxes

The employer payroll tax (FICA) deferral, created through the CARES Act, allows organizations to defer the payment of employer taxes for the period from March 27, 2020 through December 31, 2020. The deferred FICA liability as of June 30, 2021, which is included in accounts payable and accrued expenses, was \$66,379 and will be payable in equal installments at December 31, 2021 and December 31, 2022.

Note 13 - Contingencies

COVID-19

As a result of the spread of the COVID-19 pandemic, 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.

PPP

The SBA may elect to undertake a review of the PPP proceeds of any size greater than \$150,000 during the six-year period following forgiveness of the monies, which is January 2027. If selected, the review would include the forgiveness application, including whether CaringKind met the eligibility requirements of the PPP and received the proper amount. Whether CaringKind will be selected for an SBA review, as well as the timing and outcome, is uncertain.

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Note 14 - Available Resources and Liquidity

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year to meet cash needs for general expenditures, reduced by amounts not available due to contractual or donor-imposed restrictions, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,168,614	\$ 1,244,109
Certificates of deposit	115,567	114,930
Investments	12,284	13,894
Contributions receivable, net	422,444	180,643
Accounts receivable	114,006	135,525
Total financial assets	2,832,915	1,689,101
Contractual or donor-imposed restrictions:		
Purpose restricted	(550,683)	(596,244)
Donor-imposed restrictions to be utilized in subsequent year	486,641	665,820
Endowments	(163,409)	(271,280)
Certificate of deposit pledged as collateral	(115,567)	(114,930)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,489,897	\$ 1,372,467

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 15 - Subsequent Events

CaringKind has evaluated all events or transactions that occurred after June 30, 2021 through September 30, 2021, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.