

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

(D/B/A CARINGKIND)

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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, 2022 and 2021	3
Statements of Activities for the Years Ended June 30, 2022 and 2021	4
Statement of Functional Expenses for the Year Ended June 30, 2022	5
Statement of Functional Expenses for the Year Ended June 30, 2021	6
Statements of Cash Flows for the Years Ended June 30, 2022 and 2021	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

Opinion

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 as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CaringKind as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CaringKind and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CaringKind's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CaringKind's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CaringKind's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
September 29, 2022

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,968,610	\$ 2,168,614
Certificates of deposit	115,934	115,567
Investments	508,536	12,284
Contributions receivable, net of allowance for doubtful accounts of \$4,556 in 2021 and \$7,056 in 2020	794,967	422,444
Accounts receivable	274,068	114,006
Other assets	118,926	111,510
Property and equipment, net	<u>1,079,862</u>	<u>1,243,366</u>
 TOTAL ASSETS	 <u>\$ 4,860,903</u>	 <u>\$ 4,187,791</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 236,055	\$ 270,273
Deferred rent	1,241,931	1,350,332
Deferred revenue	3,520	-
Annuity payment obligations	15,148	18,190
Paycheck Protection Program loan payable	<u>-</u>	<u>467,400</u>
 TOTAL LIABILITIES	 <u>1,496,654</u>	 <u>2,106,195</u>
 COMMITMENTS AND CONTINGENCIES		
Net assets:		
Without donor restrictions	1,876,686	1,367,504
With donor restrictions:		
Purpose restricted	1,330,162	550,683
Endowments	<u>157,401</u>	<u>163,409</u>
 TOTAL NET ASSETS	 <u>3,364,249</u>	 <u>2,081,596</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,860,903</u>	 <u>\$ 4,187,791</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, 2022 AND 2021

	2022				2021			
	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	\$ 693,033	\$ 716,551	\$ -	\$ 1,409,584	\$ 637,098	\$ 170,745	\$ -	\$ 807,843
Corporate and foundations	310,962	1,011,030	-	1,321,992	599,890	523,500	-	1,123,390
Bequests	170,882	-	-	170,882	121,492	-	-	121,492
In-kind	22,717	-	-	22,717	13,183	-	-	13,183
Special events	2,169,979	7,750	-	2,177,729	1,855,360	16,500	-	1,871,860
Less: Costs of direct benefits of special events	(167,026)	-	-	(167,026)	-	-	-	-
Government grants	615,667	-	-	615,667	444,400	-	-	444,400
Program service revenues	66,944	-	-	66,944	18,816	-	-	18,816
Investment income (loss) (including realized losses and gains), net	542	-	19	561	(10,457)	-	17	(10,440)
Unrealized loss on investments	(164)	-	-	(164)	(944)	-	-	(944)
Other revenue	21,750	-	-	21,750	11,170	-	-	11,170
Net assets released from restrictions	961,879	(955,852)	(6,027)	-	801,306	(801,306)	-	-
Total operating revenues, gains, losses and other support	4,867,165	779,479	(6,008)	5,640,636	4,491,314	(90,561)	17	4,400,770
Operating Expenses:								
Program services:								
Patient and family services	2,505,062	-	-	2,505,062	1,848,047	-	-	1,848,047
Public awareness and education	1,101,529	-	-	1,101,529	1,027,341	-	-	1,027,341
Public policy	150	-	-	150	6,651	-	-	6,651
Research	14,742	-	-	14,742	5,000	-	-	5,000
Supporting services:								
Management and general	634,833	-	-	634,833	548,472	-	-	548,472
Fundraising	649,432	-	-	649,432	707,848	-	-	707,848
Total operating expenses	4,905,748	-	-	4,905,748	4,143,359	-	-	4,143,359
Change in net assets from operations	(38,583)	779,479	(6,008)	734,888	347,955	(90,561)	17	257,411
Nonoperating Activities:								
Forgiveness of debt	467,400	-	-	467,400	467,400	-	-	467,400
Government grant - Employee Retention Credit	80,365	-	-	80,365	-	-	-	-
Reclassifications from donors and others	-	-	-	-	62,888	45,000	(107,888)	-
Change in net assets	509,182	779,479	(6,008)	1,282,653	878,243	(45,561)	(107,871)	724,811
Net assets, beginning of year	1,367,504	550,683	163,409	2,081,596	489,261	596,244	271,280	1,356,785
Net assets, end of year	\$ 1,876,686	\$ 1,330,162	\$ 157,401	\$ 3,364,249	\$ 1,367,504	\$ 550,683	\$ 163,409	\$ 2,081,596

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, 2022

	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	\$ 1,136,174	\$ 375,839	\$ -	\$ -	\$ 400,401	\$ 299,045	\$ -	\$ 2,211,459
Fringe benefits	267,530	82,106	-	-	92,586	69,151	-	511,373
Professional services and contract service payments	217,797	133,737	-	-	37,683	73,611	-	462,828
Supplies	9,076	15,805	-	-	2,056	13,963	-	40,900
Telephone	9,362	6,155	-	-	3,130	3,909	-	22,556
Postage and shipping	4,019	10,461	-	-	245	8,497	-	23,222
Occupancy	358,415	270,739	-	-	65,611	55,675	-	750,440
Insurance	14,406	6,033	-	-	4,772	2,750	-	27,961
Printing and publications	14,383	22,139	-	-	454	18,917	-	55,893
Staff development	1,561	1,000	-	-	15	-	-	2,576
Conferences	9,903	63,868	150	-	-	6,040	167,026	246,987
Travel	14,851	3,644	-	-	1,036	3,344	-	22,875
Research grants and allocations	150	10,000	-	14,742	-	-	-	24,892
Client services	339,394	-	-	-	-	-	-	339,394
Bad debt	-	-	-	-	-	10,000	-	10,000
Depreciation and amortization	101,778	92,814	-	-	17,481	14,187	-	226,260
Miscellaneous	6,263	7,189	-	-	7,233	49,756	-	70,441
In-kind expenses	-	-	-	-	2,130	20,587	-	22,717
Total expenses	2,505,062	1,101,529	150	14,742	634,833	649,432	167,026	5,072,774
Cost of direct benefits of special events	-	-	-	-	-	-	(167,026)	(167,026)
Total expenses reported by function on the statements of activities	\$ 2,505,062	\$ 1,101,529	\$ 150	\$ 14,742	\$ 634,833	\$ 649,432	\$ -	\$ 4,905,748

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	Cost of Direct Benefits of Special Events	
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 statements of activities	<u>\$ 1,848,047</u>	<u>\$ 1,027,341</u>	<u>\$ 6,651</u>	<u>\$ 5,000</u>	<u>\$ 548,472</u>	<u>\$ 707,848</u>	<u>\$ -</u>	<u>\$ 4,143,359</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,282,653	\$ 724,811
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial (gain) loss on annuity obligations	(710)	836
Loss on write-off of fixed assets	2,091	-
Forgiveness of debt	(467,400)	(467,400)
Realized loss on investments	180	11,708
Unrealized loss on investments	164	944
Donated stock	(200,149)	(244,475)
Bad debt	10,000	-
Deferred rent	(108,401)	222,220
Depreciation and amortization	226,260	203,300
(Increase) decrease in assets:		
Contributions receivable	(382,523)	(241,801)
Accounts receivable	(160,062)	21,519
Other assets	(7,416)	(24,821)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(34,218)	47,260
Deferred revenue	3,520	-
	<u>163,989</u>	<u>254,101</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	202,542	233,653
Purchase of investments	(498,989)	(220)
Increase in certificates of deposit	(367)	(637)
Property and equipment acquisitions	(64,847)	(27,460)
	<u>(361,661)</u>	<u>205,336</u>
Net cash (used in) provided by investing activities		
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	467,400
Annuity obligation payments	(2,332)	(2,332)
	<u>(2,332)</u>	<u>465,068</u>
Net cash (used in) provided by financing activities		
Net change in cash and cash equivalents	(200,004)	924,505
Cash and cash equivalents, beginning of year	<u>2,168,614</u>	<u>1,244,109</u>
Cash and cash equivalents, end of year	<u>\$ 1,968,610</u>	<u>\$ 2,168,614</u>
Supplemental disclosure of non-cash activities:		
Forgiveness of debt	<u>\$ 467,400</u>	<u>\$ 467,400</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, 2022 AND 2021

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

Change in Accounting Principles

Effective July 1, 2021, CaringKind adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"). The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets a nonprofit has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of enhanced disclosure.

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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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 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 \$14,990 and \$18,532 at June 30, 2022 and 2021, 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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Fair Value Measurement (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.

Refer to Note 4 for assets measured at fair value at June 30, 2022 and 2021 in accordance with FASB ASC Topic 820.

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, 2022 and June 30, 2021 and July 1, 2020.

Contributions Receivable

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

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

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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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.

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, 2022, and June 30, 2021 and July 1, 2020.

Net Assets

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

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

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

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

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, 2022 and 2021, CaringKind recognized donated legal services of \$22,717 and \$13,183, respectively, of which \$10,587 in 2022 and \$6,583 in 2021 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, 2022 AND 2021

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

In-kind (cont'd.)

Nonfinancial Asset	2022	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Legal Services	\$ 2,130	Management and General	None	Estimated based on current rates of legal services provided by law firm
Legal Services	<u>20,587</u>	Fund Raising	None	Estimated based on current rates of legal services provided by law firm
	<u>\$ 22,717</u>			

Nonfinancial Asset	2021	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Legal Services	\$ 6,600	Public Policy	None	Estimated based on current rates of legal services provided by law firm
Legal Services	<u>6,583</u>	Management and General	None	Estimated based on current rates of legal services provided by law firm
	<u>\$ 13,183</u>			

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 forgiveness of debt, Employee Retention Credit 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 2019.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

New Accounting Pronouncement

ASU No. 2016-02

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

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

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

CaringKind has not yet determined if 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. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At June 30, 2022 and from time to time during the years ended June 30, 2022 and 2021, 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, 2022 and 2021.

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. U.S. Treasury bills are valued based upon quoted market prices. Certificates of deposit are valued based on broker-dealer quotes for similar assets.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	\$ 9,426	\$ 9,426	\$ -	\$ -
Fixed Income - U.S Treasury bills	499,110	-	499,110	-
Certificates of Deposit	115,934	-	115,934	-
	<u>115,934</u>	<u>-</u>	<u>115,934</u>	<u>-</u>
Total	<u>\$ 624,470</u>	<u>\$ 9,426</u>	<u>\$ 615,044</u>	<u>\$ -</u>

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	\$ -	\$ -
Certificates of Deposit	115,567	-	115,567	-
	<u>115,567</u>	<u>-</u>	<u>115,567</u>	<u>-</u>
Total	<u>\$ 127,851</u>	<u>\$ 12,284</u>	<u>\$ 115,567</u>	<u>\$ -</u>

Investment income gain (loss) consisted of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 741	\$ 1,268
Realized loss	(180)	(11,708)
Unrealized loss	<u>(164)</u>	<u>(944)</u>
	<u>\$ 397</u>	<u>\$ (11,384)</u>

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Contributions Receivable

Contributions receivable, net consists of the following:

	<u>2022</u>	<u>2021</u>
Amounts due within one year	\$ 636,748	\$ 429,500
Amounts due in one to five years	170,000	-
	<u>806,748</u>	<u>429,500</u>
Less: Discount to present value	7,225	-
Less: Allowance for doubtful accounts	<u>4,556</u>	<u>7,056</u>
	<u>\$ 794,967</u>	<u>\$ 422,444</u>

The discount was calculated using discounts ranging from 1.74% to 2.51% in 2022.

Note 6 - Property and Equipment

Property and equipment, net consists of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 2,695,842	\$ 2,695,842
Equipment	705,971	682,996
	<u>3,401,813</u>	<u>3,378,838</u>
Less: Accumulated depreciation and amortization	<u>2,321,951</u>	<u>2,135,472</u>
	<u>\$ 1,079,862</u>	<u>\$ 1,243,366</u>

In 2022, CaringKind wrote off \$41,872 of amortized leasehold improvements and equipment with accumulated depreciation totaling \$39,781, resulting in a loss of \$2,091. There was \$69,451 of fully depreciated and amortized leasehold improvements and equipment written off in 2021. Depreciation expense for the years ended June 30, 2022 and 2021 was \$226,260 and \$203,300, respectively.

Note 7 - 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. As of June 30, 2021, the deferred FICA liability was \$66,379 payable in equal installments at December 31, 2021 and December 31, 2022. As of June 30, 2022, the deferred FICA liability, which is included in accounts payable and accrued expenses, was \$33,189.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 8 - Paycheck Protection Program Loan Payable

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. In September 2021, 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, 2022.

Note 9 - 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, 2022 and 2021 was \$90,389 and \$78,579, 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>2022</u>	<u>2021</u>
Patient and family services	\$ 1,285,162	\$ 530,115
Public awareness and education	45,000	12,174
Capital grants	<u>-</u>	<u>8,394</u>
	<u>\$ 1,330,162</u>	<u>\$ 550,683</u>

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

	<u>2022</u>	<u>2021</u>
Patient and family services	\$ 898,442	\$ 605,648
Public awareness and education	34,422	177,013
Research	14,742	5,000
Capital grants	<u>8,246</u>	<u>13,645</u>
	<u>\$ 955,852</u>	<u>\$ 801,306</u>

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 10 - Net Assets with Donor Purpose Restrictions and Net Assets Released From Restriction (cont'd.)

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. There were no such reclasses for the year ended June 30, 2022.

Note 11 - Endowment Funds

General

CaringKind's endowment as of June 30, 2022 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.

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:

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 11 - Endowment Funds (cont'd.)

Interpretation of Relevant law (cont'd.)

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.

Funds with Deficiencies

CaringKind does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund at June 30, 2022

	With Donor Restrictions		Total
	Accumulated Unspent Earnings	Original Donor Gift	
Cappiello-Finocchiaro	\$ 2	\$ 51,950	\$ 51,952
The Baschkopf Family	1	105,448	105,449
	\$ 3	\$ 157,398	\$ 157,401

Endowment Net Asset Composition by Type of Fund at June 30, 2021

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

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 11 - Endowment Funds (cont'd.)

Changes in Endowment Net Assets for the Year Ended June 30, 2022

	With Donor Restrictions		Total
	Accumulated Unspent Earnings	Original Donor Gift	
Endowment net assets, beginning of year	\$ 6,011	\$ 157,398	\$ 163,409
Interest and dividends	19	-	19
Appropriations for expenditure	<u>(6,027)</u>	<u>-</u>	<u>(6,027)</u>
 Endowment net assets, end of year	 <u>\$ 3</u>	 <u>\$ 157,398</u>	 <u>\$ 157,401</u>

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

	With Donor Restrictions		Total
	Accumulated Unspent Earnings	Original Donor Gift	
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>

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. 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 September 2026.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 12 - Lease Agreements (cont'd.)

The commitments are as follows:

Years Ending June 30:

2023	\$	716,663
2024		778,691
2025		810,747
2026		805,857
2027		803,482
Thereafter		<u>443,194</u>
	<u>\$</u>	<u>4,358,634</u>

Lease expense was \$682,955 and \$690,410 for the years ended June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, actual cash paid for rent and equipment leases was \$859,150 and \$530,020, respectively.

At June 30, 2022, CaringKind has a letter of credit outstanding in the amount of \$115,934 for the benefit of its landlord. The letter of credit expires on April 29, 2028 and is secured by a certificate of deposit account with its bank.

Note 13 - Joint Costs

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

	<u>2022</u>	<u>2021</u>
Program services	\$ 172,986	\$ 76,911
Fundraising	<u>346,957</u>	<u>155,817</u>
	<u>\$ 519,943</u>	<u>\$ 232,728</u>

Note 14 - Contingencies

COVID-19

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen which may 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.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 14 - Contingencies (cont'd.)

PPP

The SBA may elect to undertake an audit of the Organization's PPP loan.

Note 15 - Available Resources and Liquidity

As of June 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,968,610	\$ 2,168,614
Certificates of deposit	115,934	115,567
Investments	508,536	12,284
Contributions receivable, net	794,967	422,444
Accounts receivable	<u>274,068</u>	<u>114,006</u>
Total financial assets	3,662,115	2,832,915
Contractual or donor-imposed restrictions:		
Purpose restricted	(1,330,162)	(550,683)
Donor-imposed restrictions to be utilized in subsequent year	896,897	486,641
Endowments	(157,401)	(163,409)
Certificate of deposit pledged as collateral	<u>(115,934)</u>	<u>(115,567)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,955,515</u>	<u>\$ 2,489,897</u>

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

Note 16 - Subsequent Events

CaringKind has evaluated all events or transactions that occurred after June 30, 2022 through September 29, 2022, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.