

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

(D/B/A CARINGKIND)

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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

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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, CaringKind changed its accounting policy related to its recording of leases whereby it is recognizing a right-of-use asset and a lease liability for all lease agreements with a term greater than 12 months. The policy was adopted retrospectively effective July 1, 2022. There was no cumulative effect of initially applying the policy as of the date of application. Our opinion is not modified with respect to this matter.

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
October 2, 2023

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,187,080	\$ 1,968,610
Certificates of deposit	361,534	115,934
Investments	1,263,204	508,536
Contributions receivable, net of allowance for doubtful accounts of \$8,456 in 2023 and \$4,556 in 2022	975,849	794,967
Accounts receivable	446,357	274,068
Other assets	117,482	118,926
Operating lease right-of-use assets	2,270,262	-
Finance lease right-of-use assets	65,513	-
Property and equipment, net	<u>873,934</u>	<u>1,079,862</u>
 TOTAL ASSETS	 <u>\$ 7,561,215</u>	 <u>\$ 4,860,903</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 365,783	\$ 236,055
Deferred rent	-	1,241,931
Deferred revenue	68,942	3,520
Operating lease liabilities	3,314,298	-
Finance lease liabilities	65,112	-
Annuity payment obligations	<u>14,819</u>	<u>15,148</u>
 TOTAL LIABILITIES	 <u>3,828,954</u>	 <u>1,496,654</u>
 COMMITMENTS AND CONTINGENCIES		
Net assets:		
Without donor restrictions	2,127,527	1,876,686
With donor restrictions:		
Purpose restricted	1,442,903	1,330,162
Endowments	<u>161,831</u>	<u>157,401</u>
 TOTAL NET ASSETS	 <u>3,732,261</u>	 <u>3,364,249</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 7,561,215</u>	 <u>\$ 4,860,903</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, 2023 AND 2022

	2023				2022			
	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	\$ 552,472	\$ 304,658	\$ -	\$ 857,130	\$ 693,033	\$ 716,551	\$ -	\$ 1,409,584
Corporate and foundations	422,529	931,281	-	1,353,810	310,962	1,011,030	-	1,321,992
Bequests	11,500	25,000	-	36,500	170,882	-	-	170,882
In-kind	-	-	-	-	22,717	-	-	22,717
Special events	2,787,262	2,000	-	2,789,262	2,169,979	7,750	-	2,177,729
Less: Costs of direct benefits of special events	(214,491)	-	-	(214,491)	(167,026)	-	-	(167,026)
Government grants	521,248	-	-	521,248	615,667	-	-	615,667
Program service revenues	161,663	-	-	161,663	66,944	-	-	66,944
Investment income (including realized losses and gains), net	42,605	-	4,430	47,035	542	-	19	561
Unrealized gain (loss) on investments	1,302	-	-	1,302	(164)	-	-	(164)
Other revenue	12,269	-	-	12,269	21,750	-	-	21,750
Net assets released from restrictions	1,150,198	(1,150,198)	-	-	961,879	(955,852)	(6,027)	-
Total operating revenues, gains, losses and other support	5,448,557	112,741	4,430	5,565,728	4,867,165	779,479	(6,008)	5,640,636
Operating Expenses:								
Program services:								
Patient and family services	2,641,580	-	-	2,641,580	2,505,062	-	-	2,505,062
Public awareness and education	1,076,243	-	-	1,076,243	1,101,529	-	-	1,101,529
Public policy	4,092	-	-	4,092	150	-	-	150
Research	2,000	-	-	2,000	14,742	-	-	14,742
Supporting services:								
Management and general	680,260	-	-	680,260	634,833	-	-	634,833
Fundraising	793,541	-	-	793,541	649,432	-	-	649,432
Total operating expenses	5,197,716	-	-	5,197,716	4,905,748	-	-	4,905,748
Change in net assets from operations	250,841	112,741	4,430	368,012	(38,583)	779,479	(6,008)	734,888
Nonoperating Activities:								
Forgiveness of debt	-	-	-	-	467,400	-	-	467,400
Government grant - Employee Retention Credit	-	-	-	-	80,365	-	-	80,365
Change in net assets	250,841	112,741	4,430	368,012	509,182	779,479	(6,008)	1,282,653
Net assets, beginning of year	1,876,686	1,330,162	157,401	3,364,249	1,367,504	550,683	163,409	2,081,596
Net assets, end of year	\$ 2,127,527	\$ 1,442,903	\$ 161,831	\$ 3,732,261	\$ 1,876,686	\$ 1,330,162	\$ 157,401	\$ 3,364,249

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, 2023

	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	\$ 1,206,629	\$ 423,308	\$ -	\$ -	\$ 434,461	\$ 360,357	\$ -	\$ 2,424,755
Fringe benefits	269,963	84,770	-	-	94,553	78,426	-	527,712
Professional services and contract service payments	234,557	123,250	-	-	41,796	74,653	-	474,256
Supplies	19,811	14,234	1,740	-	2,387	20,765	-	58,937
Telephone	11,645	6,310	-	-	3,218	3,809	-	24,982
Postage and shipping	5,935	11,929	96	-	230	15,318	-	33,508
Occupancy	432,059	192,806	-	-	66,828	63,422	-	755,115
Insurance	20,795	6,314	-	-	5,114	3,826	-	36,049
Printing and publications	28,791	46,244	-	-	497	34,996	-	110,528
Staff development	1,688	1,188	-	-	-	-	-	2,876
Conferences	13,952	80,283	1,035	-	153	9,626	214,491	319,540
Travel	23,569	11,862	1,149	-	2,668	9,720	-	48,968
Research grants and allocations	12,470	432	-	2,000	-	-	-	14,902
Client services	217,627	-	-	-	-	-	-	217,627
Bad debt	-	-	-	-	-	20,000	-	20,000
Depreciation and amortization	128,688	63,235	-	-	16,896	15,003	-	223,822
Miscellaneous	13,401	10,078	72	-	11,459	83,620	-	118,630
Total expenses	2,641,580	1,076,243	4,092	2,000	680,260	793,541	214,491	5,412,207
Cost of direct benefits of special events	-	-	-	-	-	-	(214,491)	(214,491)
Total expenses reported by function on the statement of activities	\$ 2,641,580	\$ 1,076,243	\$ 4,092	\$ 2,000	\$ 680,260	\$ 793,541	\$ -	\$ 5,197,716

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 statement 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)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 368,012	\$ 1,282,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial loss (gain) on annuity obligations	2,003	(710)
Loss on write-off of fixed assets	-	2,091
Forgiveness of debt	-	(467,400)
Realized (gain) loss on investments	(44,517)	180
Unrealized (gain) loss on investments	(1,302)	164
Donated stock	(96,535)	(200,149)
Noncash lease expense	441,791	-
Bad debt	20,000	10,000
Deferred rent	-	(108,401)
Depreciation and amortization	223,822	226,260
Amortization expense - finance lease	2,578	-
(Increase) decrease in assets:		
Contributions receivable	(200,882)	(382,523)
Accounts receivable	(172,289)	(160,062)
Other assets	1,444	(7,416)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	129,728	(34,218)
Operating lease liabilities	(639,686)	-
Deferred revenue	65,422	3,520
	<u>99,589</u>	<u>163,989</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	3,334,468	202,542
Purchase of investments	(3,946,782)	(498,989)
Increase in certificates of deposit	(245,600)	(367)
Property and equipment acquisitions	(17,894)	(64,847)
	<u>(875,808)</u>	<u>(361,661)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Principal payments on finance lease liabilities	(2,979)	-
Annuity obligation payments	(2,332)	(2,332)
	<u>(5,311)</u>	<u>(2,332)</u>
Net cash used in financing activities		
Net change in cash and cash equivalents	(781,530)	(200,004)
Cash and cash equivalents, beginning of year	<u>1,968,610</u>	<u>2,168,614</u>
Cash and cash equivalents, end of year	<u>\$ 1,187,080</u>	<u>\$ 1,968,610</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 (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Supplemental disclosure of noncash activities:		
Forgiveness of debt	\$ -	\$ 467,400
Implementation of ASC 842		
Right-of-use asset - operating leases	\$ 2,712,053	\$ -
Right-of-use asset - finance leases	\$ 7,318	\$ -
Operating lease liabilities	\$ 3,953,984	\$ -
Finance lease liabilities	\$ 7,318	\$ -
Right-of-use asset obtained in exchange for lease obligations - finance	\$ 60,773	\$ -
Interest paid for lease obligations	\$ 250	\$ -

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, 2023 AND 2022

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, CaringKind 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

Adoption of ASU No. 2016-02

As of July 1, 2022, CaringKind adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASC 842"). This ASU requires all lessees to recognize a right-of-use asset for the underlying leased asset and a lease liability for the corresponding lease liability for all lease agreements with a term greater than 12 months, initially measured at the present value of the lease payments. It also requires that initial direct costs (incremental costs of a lease that would not have been incurred if the lease had not been obtained) be assessed and added to the right-of-use asset and be included in its subsequent amortization.

In accordance with ASC 842, the modified retrospective method was applied to all lease agreements in effect at July 1, 2022. Under the modified retrospective method, the cumulative effect of applying ASC 842 is recognized at the date of initial application. As a result of adopting ASC 842 effective July 1, 2022, CaringKind recorded operating right-of-use assets and lease liabilities of \$2,712,053 and \$3,953,984, respectively, and a write-off of \$1,241,931 of deferred rent payable. CaringKind recorded finance right-of-use assets and lease liabilities of \$7,318.

As of July 1, 2022 (the implementation date of ASC 842), right-of-use assets and the corresponding lease liabilities were recognized based on the present value of lease payments as of the application date over the remaining life of the lease term. Thereafter, right-of-use assets and the corresponding lease liabilities will be recognized as of the lease commencement date based on the present value of lease payments over the life of the lease term.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Adoption of ASU No. 2016-02 (cont'd.)

To determine the present value of lease payments, CaringKind must use the rate implicit in the lease if it is readily determinable; otherwise, CaringKind may use either a borrowing rate based on similar debt or (b) the practical expedient option provided by ASC 842, which allows an entity to use a risk-free rate for each class of underlying asset for a period comparable to the lease term to discount the lease payments to present value. CaringKind considers the lease term to be the noncancellable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease, if CaringKind is reasonably certain to exercise the option, (2) terminate the lease, if CaringKind is reasonably certain not to exercise that option, and (3) extend or not to terminate the lease, in which exercise of the option is controlled by the lessor.

CaringKind has elected to use the practical expedient provided by ASC 842 and has used the risk-free rate to determine the present value of its lease payments. CaringKind's right-of-use assets and lease liabilities relate to office space and equipment.

CaringKind has also utilized the following practical expedients:

- Short-term leases - for leases that are for a period of 12 months or less, CaringKind will not apply the recognition requirements of ASC 842.
- For leases that contain related non-lease components, such as maintenance, CaringKind will account for these payments as a single lease component.

In addition, CaringKind has utilized transitional practical expedients as follows:

As of July 1, 2022, CaringKind has not reassessed -

- Whether any expired or existing contracts are or contain leases;
- The lease classification for any expired or existing leases; and
- Initial direct costs related to any expired or existing leases.

Leases are classified as either finance or operating leases. For operating leases, the lease liability is initially and subsequently measured at the present value of the future payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and is subsequently measured similar to financed purchases, with interest expense recorded in connection with the lease liability. The classification between operating and finance leases determines whether lease expenses are recognized based on an effective interest method or on a straight-line basis, respectively, over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred and less any incentives received. Right-of-use assets under finance leases are amortized on a straight-line basis over the lease term. Right-of-use assets for operating and finance leases are periodically reduced by impairment losses.

ALZHEIMER'S DISEASE AND RELATED DISORDERS, NEW YORK CITY, INC.
(D/B/A CARINGKIND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Adoption of ASU No. 2016-02 (cont'd.)

CaringKind monitors for events or changes that could require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment will be made to the carrying amount of the corresponding right-of-use asset unless doing so would reduce the carrying amount of the right-of-use asset to an amount less than zero.

Operating lease right-of-use assets are presented as "Operating lease right-of-use assets" on the statement of financial position. Finance lease right-of-use assets are presented separately as "Finance lease right-of-use assets" on the statement of financial position.

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, 2023 AND 2022

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 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 \$12,500 and \$14,990 at June 30, 2023 and 2022, 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Fair Value Measurement (cont'd.)

Refer to Note 4 for assets measured at fair value at June 30, 2023 and 2022 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, 2023, June 30, 2022 and July 1, 2021.

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.

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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, 2023, June 30, 2022 and July 1, 2021.

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.

Contributions

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

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

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

Contributions (cont'd.)

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 statements 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, 2023 and 2022, CaringKind recognized donated legal services of \$0 and \$22,717, respectively, of which \$0 in 2023 and \$10,587 in 2022 were received from a related party.

Nonfinancial Asset	2023	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>-</u>	<u>20,587</u>	Fund Raising	None	Estimated based on current rates of legal services provided by law firm
	<u>\$ -</u>	<u>\$ 22,717</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.

Measure of Operations

Changes in net assets from operations include all revenues and expenses for the period except for forgiveness of debt and Employee Retention Credit.

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NOTES TO FINANCIAL STATEMENTS
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Note 2 - Summary of Significant Accounting Policies (cont'd.)

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 2020.

New Accounting Pronouncement

ASU No. 2016-13

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU modifies the measurement of expected credit losses on certain financial instruments and broadens the information that an entity must consider in developing its expected credit loss estimate to include such factors as current market conditions. Under current guidance, recognition of the full amount of credit losses generally is delayed until the loss is probable of occurring.

The amendments in ASU No. 2016-13 are effective for nonpublic entities for fiscal years beginning after December 15, 2022, and interim periods within that year, based on the update in ASU No. 2019-10 to defer the implementation date. CaringKind has not yet determined if this ASU will have a material effect on its financial statements.

Note 3 - Concentration of Credit Risk

CaringKind maintains cash balances in several financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At June 30, 2023 and from time to time during the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

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.

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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, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities:				
Fixed Income - Mutual Funds	\$ 7,857	\$ 7,857	\$ -	\$ -
Fixed Income - U.S. Treasury bills	1,255,347	-	1,255,347	-
Certificates of Deposit	361,534	-	361,534	-
Total	<u>\$ 1,624,738</u>	<u>\$ 7,857</u>	<u>\$ 1,616,881</u>	<u>\$ -</u>

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	-
Total	<u>\$ 624,470</u>	<u>\$ 9,426</u>	<u>\$ 615,044</u>	<u>\$ -</u>

Investment income consisted of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 2,518	\$ 741
Realized gain (loss)	44,517	(180)
Unrealized gain (loss)	1,302	(164)
	<u>\$ 48,337</u>	<u>\$ 397</u>

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Note 5 - Contributions Receivable

Contributions receivable, net consists of the following:

	<u>2023</u>	<u>2022</u>
Amounts due within one year	\$ 888,068	\$ 636,748
Amounts due in one to five years	100,000	170,000
	<u>988,068</u>	<u>806,748</u>
Less: Discount to present value	3,763	7,225
Less: Allowance for doubtful accounts	8,456	4,556
	<u>\$ 975,849</u>	<u>\$ 794,967</u>

The discount was calculated using a discount of 3.91% in 2023 and discounts ranging from 1.74% to 2.51% in 2022.

Note 6 - Property and Equipment

Property and equipment, net consists of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 2,695,842	\$ 2,695,842
Equipment	685,705	705,971
	<u>3,381,547</u>	<u>3,401,813</u>
Less: Accumulated depreciation and amortization	2,507,613	2,321,951
	<u>\$ 873,934</u>	<u>\$ 1,079,862</u>

In 2023, CaringKind wrote off \$38,160 of fully depreciated equipment. 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. Depreciation expense for the years ended June 30, 2023 and 2022 was \$223,822 and \$226,260, respectively.

Note 7 - Deferred Employer Payroll Taxes

The employer payroll tax (FICA) deferral, created through the Coronavirus Aid, Relief, and Economic Security ("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 was \$66,379 payable in equal installments at December 31, 2021 and December 31, 2022. As of June 30, 2023 and 2022, the deferred FICA liability, which is included in accounts payable and accrued expenses, was \$0 and \$33,189, respectively.

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Note 8 - Paycheck Protection Program Loan Payable

In March 2021, CaringKind received \$467,400 from a financial institution under a second draw Paycheck Protection Program ("PPP") loan, administered by the Small Business Administration ("SBA") with support from the Department of the Treasury. In September 2021, CaringKind applied for and was granted forgiveness for 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, 2023 and 2022 was \$90,547 and \$90,389, 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>2023</u>	<u>2022</u>
Patient and family services	\$ 1,344,958	\$ 1,285,162
Public awareness and education	63,770	45,000
Research	27,000	-
Capital grants	7,175	-
	<u>\$ 1,442,903</u>	<u>\$ 1,330,162</u>

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

	<u>2023</u>	<u>2022</u>
Patient and family services	\$ 1,112,261	\$ 898,442
Public awareness and education	32,884	34,422
Appropriation of endowments	-	6,027
Research	2,000	14,742
Capital grants	3,053	8,246
	<u>\$ 1,150,198</u>	<u>\$ 961,879</u>

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Note 11 - Endowment Funds

General

CaringKind's endowment as of June 30, 2023 and 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. 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:

1. Duration of the fund
2. General purposes of CaringKind 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

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Note 11 - Endowment Funds (cont'd.)

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, 2023

	With Donor Restrictions		Total
	Accumulated Unspent Earnings	Original Donor Gift	
Cappiello-Finocchiaro	\$ 1,464	\$ 51,950	\$ 53,414
The Baschkopf Family	2,969	105,448	108,417
	<u>\$ 4,433</u>	<u>\$ 157,398</u>	<u>\$ 161,831</u>

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
	<u>\$ 3</u>	<u>\$ 157,398</u>	<u>\$ 157,401</u>

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Note 11 - Endowment Funds (cont'd.)

Changes in Endowment Net Assets for the Year Ended June 30, 2023

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Unspent Earnings</u>	<u>Original Donor Gift</u>	
Endowment net assets, beginning of year	\$ 3	\$ 157,398	\$ 157,401
Interest and dividends	4,430	-	4,430
Endowment net assets, end of year	<u>\$ 4,433</u>	<u>\$ 157,398</u>	<u>\$ 161,831</u>

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

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

Note 12 - Lease Agreements

CaringKind leases office space under a lease which expires in January 2028. During the year ended June 30, 2021, as a result of COVID-19, 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.

CaringKind leases office equipment with lease payments through September 2026.

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Note 12 - Lease Agreements (cont'd.)

Lease activity for the year ended June 30, 2023 was as follows:

Lease cost:

Finance lease cost:	
Amortization of right-of-use assets	\$ 2,578
Interest on lease liabilities	250
Operating lease cost	<u>551,267</u>
 Total lease cost	 <u>\$ 554,095</u>

Other information:

Cash paid for amounts included in the measurement of lease liabilities:

Financing cash flows from finance leases	<u>\$ 2,979</u>
Operating cash flows from operating leases	<u>\$ 686,579</u>

Weighted average remaining lease term:

Finance leases	<u>4.20 years</u>
Operating leases	<u>4.67 years</u>

Weighted average discount rate:

Finance leases	<u>3.14%</u>
Operating leases	<u>4.69%</u>

Future minimum lease payments as of June 30, 2023 are as follows:

<u>Years Ending June 30:</u>	Operating Leases	Finance Leases
2024	\$ 693,200	\$ 18,264
2025	803,016	18,264
2026	803,016	18,264
2027	803,016	15,035
2028	468,426	-
Total future minimum undiscounted lease payments	<u>3,570,674</u>	<u>69,827</u>
Less: Amount representing interest	256,376	4,715
Present value of future payments	<u>3,314,298</u>	<u>65,112</u>
Less: Current lease liabilities	665,492	17,381
Long-term lease liabilities	<u>\$ 2,648,806</u>	<u>\$ 47,731</u>

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Note 12 - Lease Agreements (cont'd.)

At June 30, 2023, CaringKind has a letter of credit outstanding in the amount of \$116,747 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>2023</u>	<u>2022</u>
Program services	\$ 227,687	\$ 172,986
Fundraising	<u>463,541</u>	<u>346,957</u>
	<u>\$ 691,228</u>	<u>\$ 519,943</u>

Note 14 - Contingencies

Estate Administration

In February 2023 CaringKind was appointed as the administrator of an estate, for which they are the beneficiary. The estate is currently in the probate process and CaringKind is in the process of settling the estate, which includes selling an apartment and other assets of the decedent. CaringKind anticipates concluding the probate process in fiscal year 2024 at which point they will recognize revenue.

PPP

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

Letter of Credit

CaringKind has a standby letter of credit in the amount of \$116,747 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. The interest rate for the certificate of deposit was .85% before it matured on August 20, 2023.

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Note 15 - Available Resources and Liquidity

As of June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,187,080	\$ 1,968,610
Certificates of deposit	361,534	115,934
Investments	1,263,204	508,536
Contributions receivable, net	975,849	794,967
Accounts receivable	446,357	274,068
Total financial assets	4,234,024	3,662,115
Contractual or donor-imposed restrictions:		
Purpose restricted	(1,442,903)	(1,330,162)
Donor-imposed restrictions to be utilized in subsequent year	1,025,441	896,897
Endowments	(161,831)	(157,401)
Certificate of deposit pledged as collateral	(116,747)	(115,934)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,537,984	\$ 2,955,515

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, 2023 through October 2, 2023, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.