

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTIFICATION TO THIRD PARTY USERS OF THIS REPORT

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ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alzheimer's Disease Research Foundation
d/b/a Cure Alzheimer's Fund

We have audited the accompanying financial statements of **Alzheimer's Disease Research Foundation d/b/a Cure Alzheimer's Fund** (A Non Profit Organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows – direct method, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Alzheimer's Disease Research Foundation
d/b/a Cure Alzheimer's Fund

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Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of **Alzheimer's Disease Research Foundation d/b/a Cure Alzheimer's Fund**, as of December 31, 2013 and 2012, and the changes in its net assets and its cash flow – direct method, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

GRAY, GRAY & GRAY, LLP

Gray, Gray & Gray, LLP

Westwood, MA
March 14, 2014

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2013	2012
ASSETS		
Cash and cash equivalents	\$ 6,268,431	\$ 6,011,041
Restricted cash, documentary project funds (temporarily restricted)	191,728	191,863
Contributions receivable, un-deposited funds	1,062,283	99,630
Pledges receivable (temporarily restricted)	1,221,725	2,460,204
Grant receivable	183,333	66,666
Deposits - donor advised funds	8,784	22,120
Fixed assets, net	3,226	16,009
Other assets	7,990	3,548
TOTAL ASSETS	\$ 8,947,500	\$ 8,871,081

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 110,402	\$ 76,842
Unexpended authorizations	150,000	100,000
TOTAL LIABILITIES	260,402	176,842
NET ASSETS		
Unrestricted	7,273,645	6,042,172
Temporarily restricted:		
Pledges receivable	1,221,725	2,460,204
Documentary project	191,728	191,863
	1,413,453	2,652,067
TOTAL NET ASSETS	8,687,098	8,694,239
TOTAL LIABILITIES AND NET ASSETS	\$ 8,947,500	\$ 8,871,081

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

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	<u>Year Ended December 31</u>	
	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
Revenue and other support:		
Contributions	\$ 6,138,347	\$ 6,590,249
Net assets released from restrictions (pledges)	1,238,479	-
Donated services	29,442	30,719
Investment income	296	1,598
Realized gain (loss) on sale of stocks	(16,229)	9,568
Unrealized gain (loss) on donor advised funds	(521)	107
Other income	10,000	13,447
Net assets released from restrictions (documentary project)	<u>250,135</u>	<u>167,814</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>7,649,949</u>	<u>6,813,502</u>
Expenditures:		
Program expenses:		
Grants	4,576,000	3,341,898
Documentary program expenses	250,133	167,814
Other program expenses	<u>864,011</u>	<u>841,989</u>
	5,690,144	4,351,701
Management and general	443,283	384,877
Fundraising	<u>285,049</u>	<u>278,543</u>
TOTAL EXPENDITURES	<u>6,418,476</u>	<u>5,015,121</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>1,231,473</u>	<u>1,798,381</u>
TEMPORARILY RESTRICTED NET ASSETS		
Pledges contributions, net	-	2,460,204
Documentary project contributions	250,000	53,000
Net assets released from restrictions	<u>(1,488,614)</u>	<u>(167,814)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(1,238,614)</u>	<u>2,345,390</u>
CHANGES IN NET ASSETS	(7,141)	4,143,771
NET ASSETS AT BEGINNING OF YEAR	<u>8,694,239</u>	<u>4,550,468</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,687,098</u>	<u>\$ 8,694,239</u>

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

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)

STATEMENTS OF CASH FLOWS - DIRECT METHOD

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Contributions	\$ 6,530,754	\$ 6,679,420
Investment income	296	1,598
Other income	10,000	13,447
	<u>6,541,050</u>	<u>6,694,465</u>
Total receipts		
Expenditures:		
Program:		
Grants	(4,576,000)	(3,341,898)
Documentary program expenses	(250,135)	(167,814)
Other program expenses	(761,732)	(701,187)
Management and general	(415,699)	(369,071)
Fundraising	(280,229)	(265,697)
	<u>(6,283,795)</u>	<u>(4,845,667)</u>
Total expenditures		
	<u>257,255</u>	<u>1,848,798</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(3,669)
	<u>-</u>	<u>(3,669)</u>
NET CASH (USED) BY INVESTING ACTIVITIES		
INCREASE IN CASH AND CASH EQUIVALENTS		
	257,255	1,845,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	<u>6,202,904</u>	<u>4,357,775</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	<u>\$ 6,460,159</u>	<u>\$ 6,202,904</u>

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ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)

STATEMENTS OF CASH FLOWS - DIRECT METHOD

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (7,141)	\$ 4,143,771
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Contribution of stocks	(1,437,142)	(2,685,567)
Proceeds from sale of contributed stocks	1,420,392	2,695,135
Depreciation	13,011	14,180
Realized (gain) loss on sale of stocks	16,229	(9,568)
Unrealized (gain) loss on donor advised funds	521	(107)
Changes in operating assets and liabilities		
Contributions receivable, un-deposited funds	(962,653)	93,270
Grant receivable	(116,667)	(66,666)
Pledges receivable	1,238,479	(2,460,204)
Deposit - donor advised funds	13,336	-
Other assets	(4,442)	(1,385)
Accounts payable and accrued expenses	33,332	25,939
Unexpended authorizations	50,000	100,000
TOTAL ADJUSTMENTS	<u>264,396</u>	<u>(2,294,973)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 257,255</u>	<u>\$ 1,848,798</u>

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

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
(A Non Profit Organization)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013				2012					
	<u>Program Grants</u>	<u>Donations and Other Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Grants</u>	<u>Donations and Other Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL										
Salaries	\$ 273,503	\$ 162,938	\$ 145,481	\$ 581,922	\$ 262,439	\$ 159,476	\$ 142,837	\$ 564,752		
Payroll taxes and fringe benefits	33,934	20,216	18,050	72,200	20,578	12,009	10,762	43,349		
TOTAL PERSONNEL	307,437	183,154	163,531	654,122	283,017	171,485	153,599	608,101		
SUPPLIES, MATERIALS, AND OTHER EXPENSES										
Advertising	11,030	-	18,062	29,092	-	-	22,471	22,471		
Bad debt expense	-	-	-	-	-	10,500	-	10,500		
Board meeting expense	-	3,461	-	3,461	-	2,643	-	2,643		
Catering Expense	39,573	-	-	39,573	-	-	-	-		
Conferences, conventions and meetings	9,218	932	1,200	11,350	6,662	2,777	-	9,439		
Consulting expenses	35,500	1,690	8,000	45,190	-	2,875	2,750	5,625		
Computer expense	-	15,815	-	15,815	-	7,037	-	7,037		
Credit card fees	-	158	16,284	16,442	-	-	9,706	9,706		
Depreciation	-	13,011	-	13,011	-	14,180	-	14,180		
Donations/grants	4,576,000	-	-	4,576,000	3,341,898	-	-	3,341,898		
Documentary program expenses	250,133	-	-	250,133	167,814	-	-	167,814		
Dues and Subscriptions	10,368	11,049	-	21,417	-	-	-	-		
Equipment Rental	-	2,622	-	2,622	-	-	-	-		
Facility Expense	8,824	-	13,214	22,038	-	-	-	-		
Fundraising expense	-	-	2,223	2,223	-	-	4,267	4,267		
Fundraising research	-	-	-	-	-	-	3,384	3,384		
Gift processing	-	289	4,901	5,190	-	-	8,573	8,573		
Government relations	49,718	-	-	49,718	36,000	-	-	36,000		
Honoraria	11,216	-	-	11,216	9,000	-	-	9,000		
Information and awareness	63,676	-	5,951	69,627	447,440	-	43,672	491,112		
Insurance	-	1,945	-	1,945	-	1,955	-	1,955		
Marketing materials	6,875	-	3,769	10,644	-	-	1,447	1,447		
Miscellaneous	1,115	1,214	361	2,690	1,343	15,760	2,045	19,148		
Office supplies	-	3,159	4,817	7,976	-	4,212	-	4,212		
Office rent	-	42,720	-	42,720	-	46,054	-	46,054		
Postage and shipping	50,142	2,710	8,605	61,457	205	1,639	3,106	4,950		
Printing and reproduction	64,743	2,628	23,741	91,112	-	3,871	5,746	9,617		
Professional services	-	130,873	-	130,873	-	82,787	-	82,787		
Public relations	35,720	-	-	35,720	30,000	-	-	30,000		
Social Media	120,105	-	350	120,455	-	-	-	-		
State registration	2,555	-	4,992	7,547	-	-	7,187	7,187		
Telephone	-	8,630	-	8,630	-	10,357	-	10,357		
Travel	36,196	11,363	5,048	52,607	28,322	3,993	10,590	42,905		
Website	-	5,860	-	5,860	-	2,752	-	2,752		
TOTAL SUPPLIES, MATERIALS, AND OTHER EXPENSES	5,382,707	260,129	121,518	5,764,354	4,068,684	213,392	124,944	4,407,020		
TOTAL FUNCTIONAL EXPENSES	\$ 5,690,144	\$ 443,283	\$ 285,049	\$ 6,418,476	\$ 4,351,701	\$ 384,877	\$ 278,543	\$ 5,015,121		

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

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 – BUSINESS

Principal Business Activity – Alzheimer's Disease Research Foundation d/b/a Cure Alzheimer's Fund ("CAF") is a non-profit organization that was incorporated on September 3, 2004 to promote, support, and further the purposes of the organization by funding medical and scientific research with the potential to identify the causes of, and potential cures for, Alzheimer's and Alzheimer's related diseases. CAF pursues its mission by awarding grants to fund Alzheimer's-related research.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand and money market funds which have original maturities of three months or less.

The cash balances may fluctuate during the year and can exceed the Federal Deposit Insurance Corporation's (FDIC) coverage limit of \$250,000. As of the balance sheet date, balances of cash and cash equivalents at financial banking institutions exceeded the federally insured limit of \$250,000 by \$615,420.

Contributions Receivable, Un-Deposited Funds – Contributions received subsequent to December 31, but designated as the prior year's donations, are recorded as income and the related receivable is reflected in the financial statements in the period stipulated by the donor.

Pledges Receivable – The Organization records an allowance for estimated uncollectible pledges in an amount approximating anticipated losses. Individual uncollectible pledges were written off against the allowance when collection of the individual pledge appeared doubtful. At December 31, 2013 and 2012, management determined that no allowance for doubtful accounts was required.

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using an appropriate discount rate commensurate with the risks involved. Amortization of the discount is included in contributions revenue.

Equipment – Equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful lives of the assets (3 – 15 years). Expenditures for routine repairs and maintenance are charged to operations as they are incurred, while those which significantly improve or extend the lives of existing assets and are in excess of \$1,000 are capitalized.

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense for the years ended December 31, 2013 and 2012 amounted to \$13,011 and \$14,180, respectively.

Website Development Costs – Website development costs are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets (3 years).

Advertising – Advertising and marketing costs are expensed when incurred.

Contributions – Contributions are received primarily from individuals and private foundations to support the purposes of CAF. Contributions received and unconditional promises to give are classified as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Restricted contributions are classified as unrestricted if the restrictions are satisfied in the same reporting period in which the contributions are received. Restricted net assets are transferred to unrestricted net assets upon satisfaction of the time or purpose restrictions.

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 the 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.

Contributions of donated services are recorded at their fair values in the period received. Other services have been donated. However, no value has been assigned, as their value is not determinable.

Grant Income – Grants are deemed to be earned and reported as revenues when expenditures are incurred in compliance with the specific grant restrictions. Amounts awarded but not yet earned are reported as unexpended authorizations.

Donated Services – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on an analysis of the related activities.

Income Taxes – CAF was determined to be exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC) and has been classified as an organization that is not a private foundation as defined in Section 509(a)(3) of the IRC. Accordingly, no provisions for federal or state income taxes are required.

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAF is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Any interest and penalties recognized associated with a tax position would be classified as current in CAF's financial statements.

Currently, the tax years ended December 31, 2010, 2011, and 2012 are open and subject to examination by the Internal Revenue Service and the Massachusetts Department of Revenue. However, CAF is not currently under audit nor has CAF been contacted by any of these jurisdictions.

Based on the evaluation of CAF's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2013.

Grants – Grants are recommended by the board-appointed Scientific Advisory Committee and recorded when they are approved by the executive committee of the Board of Directors.

Concentrations of Credit Risk – Financial instruments which potentially subject CAF to concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. Concentrations of credit risk with respect to contributions receivable are limited due to the number of donors.

Reclassifications – Certain reclassifications have been made, none of which affect income, to the 2012 financial statements to conform to the 2013 presentation. In addition, the statement of cash flows is now presented on the direct method.

NOTE 3– PLEDGES RECEIVABLE (TEMPORARILY RESTRICTED)

Pledges receivable (temporarily restricted) consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Pledges receivable (temporarily restricted) before unamortized discounts	\$ 1,250,000	\$ 2,500,000
Less unamortized discount at 1.65% and .95% for 2013 and 2012	<u>(28,275)</u>	<u>(39,796)</u>
Net pledges receivable	<u>\$ 1,221,725</u>	<u>\$ 2,460,204</u>

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 3– PLEDGES RECEIVABLE (TEMPORARILY RESTRICTED) (CONTINUED)

Pledges receivable is expected to be received as follows:

Less than one year	\$ 750,000
One to five years	<u>500,000</u>
	<u><u>\$ 1,250,000</u></u>

NOTE 4 – FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 17,926	\$ 17,926
Website development costs	<u>17,980</u>	<u>17,980</u>
	35,906	35,906
Less accumulated depreciation	<u>(32,680)</u>	<u>(19,897)</u>
	<u><u>\$ 3,226</u></u>	<u><u>\$ 16,009</u></u>

During the year ended December 31, 2013 the Organization did not have any fixed asset additions or disposals.

NOTE 5 – CHANGES IN UNEXPENDED AUTHORIZATIONS

Changes in unexpended authorizations consist of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 100,000	\$ -
Grants awarded	300,000	100,000
Less grant expenditures	<u>(250,000)</u>	<u>-</u>
Balance at end of year	<u><u>\$ 150,000</u></u>	<u><u>\$ 100,000</u></u>

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 6 – RELATED PARTY TRANSACTIONS

Board members/founders of CAF and their foundations contributed a total of \$2,488,913 and \$2,727,280 for years ended December 31, 2013 and 2012, respectively.

NOTE 7 – PROGRAM EXPENSES GRANTS

Program expenses grants is comprised of the following at December 31:

	<u>2013</u>	<u>2012</u>
Total grant distributions	\$ 4,576,000	\$ 3,375,343
Unspent funds returned from a previous grant	<u>-</u>	<u>(33,445)</u>
Program expenses grants	<u>\$ 4,576,000</u>	<u>\$ 3,341,898</u>

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	<u>2013</u>			
	<u>Balance</u> <u>1/1/2013</u>	<u>Contributions</u>	<u>Released from</u> <u>Restrictions</u>	<u>Balance</u> <u>12/31/2013</u>
Pledges receivable	\$ 2,460,204	\$ -	\$ (1,238,479)	\$ 1,221,725
Documentary project	<u>191,863</u>	<u>250,000</u>	<u>(250,135)</u>	<u>191,728</u>
	<u>\$ 2,652,067</u>	<u>\$ 250,000</u>	<u>\$ (1,488,614)</u>	<u>\$ 1,413,453</u>

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	2012			
	<u>Balance</u> <u>1/1/2012</u>	<u>Contributions</u>	<u>Released from</u> <u>Restrictions</u>	<u>Balance</u> <u>12/31/2012</u>
Pledges receivable	\$ -	\$ 2,460,204	\$ -	\$ 2,460,204
Documentary project	<u>306,677</u>	<u>53,000</u>	<u>(167,814)</u>	<u>191,863</u>
	<u>\$ 306,677</u>	<u>\$ 2,513,204</u>	<u>\$ (167,814)</u>	<u>\$ 2,652,067</u>

The Documentary project is an independent series of short documentaries about how families cope with Alzheimer's disease (the "Project"). The series' creator and executive producer is David Shenk, a writer and producer of Alzheimer's-related films, books and articles. The total estimated budget of \$675,000 will be funded through contributions from MetLife Foundation. At December 31, 2013 and 2012 a total of \$675,000 and \$425,000, respectively, had been received from Metlife. The Project's expenditures will be dispersed to contractors by CAF at David Shenk's direction. The restricted cash of \$191,728 and \$191,863 represents the unspent Project funds at December 31, 2013 and 2012, respectively.

NOTE 9 – EMPLOYEE BENEFIT PLAN

CAF sponsors a defined-contribution plan under Section 403(b) of the IRC covering all eligible employees. Employer contributions of \$9,812 and \$6,679 were made to the plan during the years ended December 31, 2013 and 2012, respectively.

NOTE 10 – COMMITMENTS

CAF entered into a lease agreement to rent office space through April 30, 2015. The lease provides for lease payments of \$3,338 per month plus escalation costs. Rent expense amounted to \$42,720 and \$46,054 for the years ended December 31, 2013 and 2012, respectively.

The future minimum lease payments are \$40,056 in 2014 and \$13,352 in 2015.

In 2014 CAF committed to donations/grants in the amount of \$2,568,391 to be paid in 2014.

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 11 – REVENUE RECONCILIATION

Reconciliation of the audited financial statement to Form 990 is as follows:

Audited financial statement revenue/expenditures from the statements of activities and changes in net assets (see Page 4):

	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Revenue and other support	\$ 7,649,949	\$ 6,813,502
Temporarily restricted net assets	(1,238,614)	2,345,390
Unrealized (gain) loss on donor advised funds	<u>521</u>	<u>(107)</u>
Total revenue per financial statements	6,411,856	9,158,785
Less donated services not required for Form 990	<u>(29,442)</u>	<u>(30,719)</u>
Total revenue per Form 990, Page 1 Line 12	<u><u>\$ 6,382,414</u></u>	<u><u>\$ 9,128,066</u></u>
Program expenses:		
Grants	\$ 4,576,000	\$ 3,341,898
Documentary project expenses	250,133	167,814
Other program expenses	<u>864,011</u>	<u>841,989</u>
	<u>5,690,144</u>	<u>4,351,701</u>
Management and general expenses	<u>443,283</u>	<u>384,877</u>
Fundraising expenses	285,049	278,543
Less donated services not required for Form 990	<u>(29,442)</u>	<u>(30,719)</u>
	<u>255,607</u>	<u>247,824</u>
Total expenses per Form 990, Page 1 Line 18	<u><u>\$ 6,389,034</u></u>	<u><u>\$ 4,984,402</u></u>

NOTE 12 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2013, the date of the most recent financial position, have been evaluated for possible adjustments to the financial statements or disclosures is March 14, 2014, which is the date the financial statements were available to be issued.