

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

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2009

### **NOTIFICATION TO THIRD PARTY USERS OF THIS REPORT**

This report was prepared subject to the terms and conditions set forth in an engagement letter. By relying upon this report, all users shall be deemed to agree to the terms and conditions of that engagement letter. Users intending to rely upon this report should contact the issuer to obtain a copy of its applicable terms and conditions. This report is intended for the exclusive use of the clients of the issuer and others to whom the issuer has expressly granted consent.

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

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2009

INDEPENDENT AUDITORS' REPORT .....	1
STATEMENTS OF FINANCIAL POSITION .....	2
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS .....	3
STATEMENTS OF CASH FLOWS – INDIRECT METHOD .....	4
STATEMENTS OF FUNCTIONAL EXPENSES .....	5
NOTES TO FINANCIAL STATEMENTS .....	6

34 SOUTHWEST PARK  
WESTWOOD, MA 02090  
TEL: 781-407-0300  
FAX: 781-407-0303

276 UNION AVENUE  
FRAMINGHAM, MA 01702  
TEL: 508-875-2367  
FAX: 508-820-2519



CERTIFIED PUBLIC ACCOUNTANTS  
VISION • DIRECTION • SUCCESS  
WWW.GGGCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of **Alzheimer's Disease Research Foundation d/b/a Cure Alzheimer's Fund** (A Non Profit Organization) as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, cash flows – indirect method, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the activities and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

GRAY, GRAY & GRAY, LLP

*Gray, Gray & Gray, LLP*

March 26, 2010

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

STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	December 31,	
	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,934,414	\$ 2,066,159
Contributions receivable and un-deposited funds	22,545	616,878
Pledges receivable (temporarily restricted)	71,822	165,493
Deposits - donor advised funds	21,845	20,533
Fixed assets, net	34,194	50,238
Other assets	8,326	4,683
<b>TOTAL ASSETS</b>	<b>\$ 3,093,146</b>	<b>\$ 2,923,984</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 34,502	\$ 71,996
<b>TOTAL LIABILITIES</b>	34,502	71,996
<b>NET ASSETS</b>		
Unrestricted	2,986,822	2,686,495
Temporarily restricted	71,822	165,493
<b>TOTAL NET ASSETS</b>	3,058,644	2,851,988
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,093,146</b>	<b>\$ 2,923,984</b>

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>2009</u>	<u>2008</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>Revenue and other support:</b>		
Contributions	\$ 3,235,065	\$ 3,017,928
Donated services	32,436	39,366
Investment income	8,797	66,188
Realized gain (loss) on sale of stocks	10,726	8,437
Unrealized gain (loss) on donor advised funds	1,701	(2,571)
Net assets released from restrictions, pledges collected	<u>104,500</u>	<u>127,000</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>3,393,225</u>	<u>3,256,348</u>
<b>Expenditures:</b>		
Program expenses:		
Grants	2,387,914	2,388,828
Other program expenses	<u>135,402</u>	<u>131,208</u>
	2,523,316	2,520,036
Management and general	239,353	227,093
Fundraising	<u>330,229</u>	<u>292,357</u>
<b>TOTAL EXPENDITURES</b>	<u>3,092,898</u>	<u>3,039,486</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>300,327</u>	<u>216,862</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Pledges-current year	-	7,500
Net assets released from restrictions, pledges collected	(104,500)	(127,000)
Net discount/amortizations of pledges	<u>10,829</u>	<u>14,211</u>
<b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(93,671)</u>	<u>(105,289)</u>
<b>CHANGES IN NET ASSETS</b>	206,656	111,573
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,851,988</u>	<u>2,740,415</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,058,644</u>	<u>\$ 2,851,988</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 - INDIRECT METHOD

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 206,656	\$ 111,573
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Contribution of stocks	(562,417)	(552,913)
Contribution of equipment	-	-
Depreciation	18,344	6,783
Realized gain on sale of stocks	(10,726)	(8,437)
Unrealized (gain) loss on donor advised funds	(1,701)	2,571
Changes in operating assets and liabilities		
Contributions receivable - un-deposited funds	594,333	(486,138)
Pledges receivable	93,671	105,289
Deposit - donor advised funds	(1,312)	816
Other assets	(3,643)	(1,308)
Accounts payable and accrued expenses	(37,494)	64,242
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>295,711</u>	<u>(757,522)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment and website development costs	<u>(2,300)</u>	<u>(42,464)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(2,300)</u>	<u>(42,464)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of contributed stocks	<u>574,844</u>	<u>561,350</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>574,844</u>	<u>561,350</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	868,255	(238,636)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,066,159</u>	<u>2,304,795</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,934,414</u>	<u>\$ 2,066,159</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, 2009 AND 2008

	2009			2008				
	Program Grants, Donations and Other Program Expenses	Management and General	Fundraising	Total	Program Grants, Donations and Other Program Expenses	Management and General	Fundraising	Total
<b>PERSONNEL</b>								
Salaries	\$ 62,365	\$ 97,707	\$ 110,162	\$ 270,234	\$ 57,812	\$ 103,517	\$ 90,551	\$ 251,880
Payroll taxes and fringe benefits	13,101	21,181	15,933	50,215	10,413	12,608	16,839	39,860
<b>TOTAL PERSONNEL</b>	<u>75,466</u>	<u>118,888</u>	<u>126,095</u>	<u>320,449</u>	<u>68,225</u>	<u>116,125</u>	<u>107,390</u>	<u>291,740</u>
<b>SUPPLIES, MATERIALS, AND OTHER EXPENSES</b>								
Advertising	-	-	5,916	5,916	-	-	5,863	5,863
Board meeting expense	-	1,594	-	1,594	-	5,366	-	5,366
Conferences, conventions and meetings	-	797	-	797	-	3,302	-	3,302
Consulting expenses	-	2,525	1,700	4,225	-	2,450	1,755	4,205
Computer expense	-	1,551	3,952	5,503	-	1,807	2,125	3,932
Credit card fees	-	2,789	-	2,789	-	2,852	-	2,852
Depreciation	-	18,422	-	18,422	-	6,861	-	6,861
Donations/grants	2,387,914	-	4,414	2,387,914	2,388,828	-	-	2,388,828
Foundation events	-	-	4,414	4,414	-	-	7,802	7,802
Fundraising expense	-	-	585	585	-	-	4,408	4,408
Gift processing	-	-	2,341	2,341	-	-	2,789	2,789
Government relations	-	-	36,000	36,000	-	-	36,000	36,000
Honoraria	-	-	-	-	7,500	-	-	7,500
Information and awareness	36,462	-	-	36,462	48,063	-	-	48,063
Insurance	-	2,046	-	2,046	-	2,087	-	2,087
Marketing materials	-	8,898	-	8,898	-	-	4,746	4,746
Miscellaneous	132	9,501	2,017	11,650	-	9,091	3,004	12,095
Office supplies	-	985	-	985	-	2,568	-	2,568
Office rent	-	24,000	-	24,000	-	24,000	-	24,000
Postage and shipping	5,765	889	3,548	10,202	1,343	928	8,476	10,747
Printing and reproduction	-	2,160	-	2,160	-	-	-	-
Professional services	-	43,406	-	43,406	-	37,085	-	37,085
Public relations	-	44,495	-	44,495	-	-	49,015	49,015
Research	-	77,865	-	77,865	-	-	38,663	38,663
State registration	-	4,313	-	4,313	-	-	4,559	4,559
Telephone	-	3,764	-	3,764	-	3,039	-	3,039
Travel	12,296	5,115	8,090	25,501	1,170	8,195	15,742	25,107
Website and internet	5,281	921	-	6,202	4,907	1,337	-	6,244
<b>TOTAL SUPPLIES, MATERIALS, AND OTHER EXPENSES</b>	<u>2,447,850</u>	<u>120,465</u>	<u>204,134</u>	<u>2,772,449</u>	<u>2,451,811</u>	<u>110,968</u>	<u>184,967</u>	<u>2,747,746</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 2,523,316</u>	<u>\$ 239,353</u>	<u>\$ 330,229</u>	<u>\$ 3,092,898</u>	<u>\$ 2,520,036</u>	<u>\$ 227,093</u>	<u>\$ 292,357</u>	<u>\$ 3,039,486</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)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

**NOTE 1 – BUSINESS**

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.

Cash deposits in excess of the Federal Deposit Insurance Corporation's coverage limit, held at a Boston, Massachusetts bank, amounted to \$524,061 and \$186,885 at December 31, 2009 and 2008, respectively.

**Contributions Receivable, Un-Deposited Funds** – Contributions received subsequent to December 31, but designated as 2009 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 are written off against the allowance when collection of the individual pledge appears doubtful. At December 31, 2009 and 2008, management determined that no allowance for doubtful accounts were required.

**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 \$500 are capitalized.

**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).

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

During 2009, CAF adopted Financial Accounting Standards Board ("FASB"), "*Accounting For Uncertainty in Income Taxes*", which provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions. 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 2006, 2007, and 2008 tax years 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, 2009.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants** – Grants are recommended by the board-appointed Scientific Advisory Committee and recorded when they are approved by 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 pledges receivable. Concentrations of credit risk with respect to pledges receivable are limited due to the number of donors.

**Subsequent Events** – Events occurring subsequent to December 31, 2009 up to the date of issuance of our annual report are evaluated by management for disclosure and/or adjustment to the financial statements.

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

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

	<u>2009</u>	<u>2008</u>
Pledges receivable (temporarily restricted) before unamortized discounts	\$ 73,000	\$ 177,500
Less unamortized discount at 2% for 2009 and 5% for 2008	<u>1,178</u>	<u>12,007</u>
Net contributions receivable	<u>\$ 71,822</u>	<u>\$ 165,493</u>

Pledges receivable (temporarily restricted) are expected to be received as follows:

Less than one year	\$ 70,500	
One to five years	<u>2,500</u>	
	<u>\$ 73,000</u>	

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

**NOTE 4 – FIXED ASSETS**

Fixed assets consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 10,040	\$ 10,040
Website development costs	<u>57,586</u>	<u>55,286</u>
	67,626	65,326
Less accumulated depreciation	<u>(33,432)</u>	<u>(15,088)</u>
	<u>\$ 34,194</u>	<u>\$ 50,238</u>

**NOTE 5 – RELATED PARTY TRANSACTIONS**

Three board members of CAF and their foundations contributed a total of \$1,035,302 and \$1,341,686 for years ended December 31, 2009 and 2008, respectively.

**NOTE 6 – EMPLOYEE BENEFIT PLAN**

CAF sponsors a defined-contribution plan under Section 403(b) of the IRC covering all eligible employees. Employer contributions of \$4,754 and \$1,159 were made to the plan during the years ended December 31, 2009 and 2008, respectively.

**NOTE 7 – COMMITMENTS**

CAF entered into a lease agreement to rent office space through April 30, 2011. The lease provides for lease payments of \$2,000 per month. Rent expense amounted to \$24,000 in 2009 and 2008.

The future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	
2010	\$ 24,000
2011	<u>8,000</u>
	<u>\$ 32,000</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

**NOTE 8 – 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 3):

	<u>2009</u>	<u>2008</u>
Unrestricted net assets		
Revenue and other support	\$ 3,393,225	\$ 3,256,348
Temporarily restricted net assets	(93,671)	(105,289)
Unrealized (gain) loss on donor advised funds	<u>(1,701)</u>	<u>2,571</u>
Total revenue per financial statements	3,297,853	3,153,630
Less donated services not required for Form 990	<u>(32,436)</u>	<u>(36,915)</u>
Total revenue per Form 990, Page 1 Line 12	<u>\$ 3,265,417</u>	<u>\$ 3,116,715</u>
Program expenses:		
Grants	\$ 2,387,914	\$ 2,388,828
Other program expenses	<u>135,402</u>	<u>131,208</u>
	<u>2,523,316</u>	<u>2,520,036</u>
Management and general expenses	<u>239,353</u>	<u>227,093</u>
Fundraising expenses	330,229	292,357
Less donated services not required for Form 990	<u>(32,436)</u>	<u>(36,915)</u>
	<u>297,793</u>	<u>255,442</u>
Total expenses per Form 990, Page 1 Line 18	<u>\$ 3,060,462</u>	<u>\$ 3,002,571</u>