

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

Audited Financial Statements

December 31, 2017 and 2016

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)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS’ REPORT	1
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF CASH FLOWS – DIRECT METHOD.....	5
STATEMENTS OF FUNCTIONAL EXPENSES.....	7
NOTES TO FINANCIAL STATEMENTS.....	8

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, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows – direct method, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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
Page 2

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, 2017 and 2016, 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.

GRAY, GRAY & GRAY, LLP

Gray, Gray & Gray, LLP

Canton, MA
March 21, 2018

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non Profit Organization)
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 4,250,228	\$ 9,080,684
Restricted cash, documentary program project funds (temporarily restricted)	25,164	83,336
Investments	3,990,040	-
Contributions receivable, un-deposited funds	929,151	579,334
Pledges receivable (temporarily restricted)	1,508,177	2,518,491
Deposits - donor advised funds	10,136	9,102
Equipment and leasehold improvements, net of accumulated depreciation	42,857	50,909
Prepaid expenses and other assets	183,265	141,354
	<u>183,265</u>	<u>141,354</u>
TOTAL ASSETS	<u>\$ 10,939,018</u>	<u>\$ 12,463,210</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 530,632	\$ 563,695
	<u>530,632</u>	<u>563,695</u>
TOTAL LIABILITIES	<u>530,632</u>	<u>563,695</u>
NET ASSETS		
Unrestricted	8,303,832	8,710,240
Temporarily restricted:		
Pledges receivable	1,508,177	2,518,491
Documentary program project	25,164	83,336
Personnel	120,297	136,532
Research in African American Population	450,916	450,916
	<u>2,104,554</u>	<u>3,189,275</u>
TOTAL NET ASSETS	<u>10,408,386</u>	<u>11,899,515</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,939,018</u>	<u>\$ 12,463,210</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 ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Contributions	\$ 17,501,551	\$ 14,277,676
Net assets released from restrictions (pledges)	1,010,314	750,000
Donated services	3,762	13,766
Donated equipment	-	25,900
Investment income	13,021	611
Realized (loss) on sale of stocks	(20,105)	(64,407)
Unrealized gain on investments	10,314	-
Unrealized (loss) on donor advised funds	-	(113)
Other income	3,644	90
Net assets released from restrictions (other)	16,235	-
Net assets released from restrictions (documentary program project)	58,172	11,679
TOTAL REVENUE AND OTHER SUPPORT	18,596,908	15,015,202
EXPENDITURES		
Program:		
Research distributions and support	15,706,984	13,455,939
Documentary program project expenses	58,172	11,679
Operating program expenses	1,946,894	1,690,743
	<u>17,712,050</u>	<u>15,158,361</u>
Management and general	751,416	708,355
Fundraising	539,850	662,484
TOTAL EXPENDITURES	19,003,316	16,529,200
DECREASE IN UNRESTRICTED NET ASSETS	(406,408)	(1,513,998)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	-	587,448
Pledges contributions, net	-	1,329,838
Net assets released from restrictions	(1,084,721)	(761,679)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(1,084,721)	1,155,607
CHANGES IN NET ASSETS	(1,491,129)	(358,391)
NET ASSETS AT BEGINNING OF YEAR	11,899,515	12,257,906
NET ASSETS AT END OF YEAR	\$ 10,408,386	\$ 11,899,515

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
Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
Contributions	\$ 18,140,909	\$ 15,264,238
Investment income	13,021	611
Other income	3,644	90
	<u>18,157,574</u>	<u>15,264,939</u>
TOTAL RECEIPTS	18,157,574	15,264,939
EXPEDITURES		
Program:		
Research distributions	(15,706,984)	(13,455,939)
Documentary program project expenses	(58,172)	(11,679)
Operating program expenses	(1,943,813)	(1,535,727)
Management and general	(798,767)	(667,543)
Fundraising	(552,210)	(536,042)
	<u>(19,059,946)</u>	<u>(16,206,930)</u>
TOTAL EXPENDITURES	(19,059,946)	(16,206,930)
NET CASH (USED) BY OPERATING ACTIVITIES	(902,372)	(941,991)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(7,979,726)	-
Proceeds from sale of investments	4,000,000	
Purchases of equipment	(6,530)	(23,609)
	<u>(3,986,256)</u>	<u>(23,609)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	(3,986,256)	(23,609)
DECREASE IN CASH AND CASH EQUIVALENTS	(4,888,628)	(965,600)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,164,020	10,129,620
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,275,392	\$ 9,164,020

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
Years Ended December 31, 2017 and 2016

	2017	2016
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO		
NET CASH (USED) BY OPERATING ACTIVITIES		
Decrease in net assets	<u>\$ (1,491,129)</u>	<u>\$ (358,391)</u>
Adjustments to reconcile decrease in net assets to net cash (used) by operating activities:		
Contribution of stocks	(4,118,879)	(3,913,729)
Contribution of equipment	-	(25,900)
Proceeds from sale of contributed stocks	4,098,774	3,849,167
Depreciation	14,582	7,034
Amortization	3,760	-
Realized loss on sale of stocks	20,105	64,407
Unrealized (gain) on investments	(10,314)	-
Unrealized loss on donor advised funds	-	113
Changes in operating assets and liabilities		
Contributions receivable, un-deposited funds	(349,817)	(286,219)
Pledges receivable	1,010,314	(579,838)
Deposit - donor advised funds	(1,034)	(105)
Other assets	(45,671)	(95,406)
Accounts payable and accrued expenses	<u>(33,063)</u>	<u>396,876</u>
TOTAL ADJUSTMENTS	<u>588,757</u>	<u>(583,600)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (902,372)</u></u>	<u><u>\$ (941,991)</u></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 FUNCTIONAL EXPENSES
Years Ended December 31, 2017 and 2016

	2017			2016				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
PERSONNEL								
Salaries	\$ 649,483	\$ 313,144	\$ 197,165	\$ 1,159,792	\$ 655,105	\$ 183,889	\$ 310,313	\$ 1,149,307
Payroll taxes and fringe benefits	90,588	43,677	27,500	161,765	85,291	23,941	40,401	149,633
TOTAL PERSONNEL	740,071	356,821	224,665	1,321,557	740,396	207,830	350,714	1,298,940
SUPPLIES, MATERIALS, AND OTHER EXPENSES								
Advertising	87,348	-	6,259	93,607	6,951	-	41,326	48,277
Catering expenses	44,224	-	1,080	45,304	22,535	-	6,231	28,766
Conferences, conventions and meetings	8,107	-	-	8,107	1,575	-	125	1,700
Consulting expenses	221,720	53,214	55,438	330,372	164,000	176,851	26,500	367,351
Creative expenses	89,527	-	-	89,527	-	-	-	-
Computer expenses	5,918	2,853	1,797	10,568	8,328	2,338	3,945	14,611
Credit card fees	-	1,780	53,401	55,181	-	1,834	48,904	50,738
Depreciation and amortization	-	18,342	-	18,342	-	7,034	-	7,034
Research distributions and support	15,706,984	-	-	15,706,984	13,455,939	-	-	13,455,939
Documentary program project expenses	58,172	-	-	58,172	11,679	-	-	11,679
Dues and subscriptions	20,648	3,953	-	24,601	18,333	4,848	-	23,181
Equipment rental	-	7,402	297	7,699	-	5,082	-	5,082
Facility expenses	17,368	13,522	-	30,890	42,192	8,618	5,887	56,697
Fundraising expenses	-	-	13,362	13,362	-	-	11,108	11,108
Gift processing	-	571	46,164	46,735	-	349	21,908	22,257
Government relations	110,065	-	-	110,065	75,376	-	-	75,376
Grant writing	-	-	-	-	-	-	16,500	16,500
Information and awareness	832	-	-	832	6,659	-	-	6,659
Insurance	-	4,752	-	4,752	-	3,950	-	3,950
Marketing materials	103,882	-	-	103,882	13,085	-	-	13,085
Miscellaneous	11,956	30,115	7,236	49,307	10,040	51,878	741	62,659
Office supplies	-	25,307	592	25,899	-	15,771	827	16,598
Office rent	69,000	33,268	20,947	123,215	49,752	13,966	23,567	87,285
Postage and shipping	48,310	2,093	29,975	80,378	94,244	5,742	27,312	127,298
Printing and reproduction	67,467	5,001	15,406	87,874	79,057	2,910	26,462	108,429
Professional services	-	139,096	-	139,096	-	172,869	-	172,869
Public relations	132,050	-	-	132,050	144,070	-	-	144,070
Social media	74,093	-	1,031	75,124	99,288	-	-	99,288
Sponsorships	20,490	-	10,000	30,490	-	-	19,390	19,390
State registration	-	-	5,587	5,587	-	-	5,718	5,718
Taxes	-	1,060	-	1,060	-	1,371	-	1,371
Telephone	7,940	3,828	2,410	14,178	7,986	2,242	3,783	14,011
Travel	65,878	31,580	44,203	141,661	106,876	15,729	21,536	144,141
Website	-	16,858	-	16,858	-	7,143	-	7,143
TOTAL SUPPLIES, MATERIALS, AND OTHER EXPENSES	16,971,979	394,595	315,185	17,681,759	14,417,965	500,525	311,770	15,230,260
TOTAL FUNCTIONAL EXPENSES	\$ 17,712,050	\$ 751,416	\$ 539,850	\$ 19,003,316	\$ 15,158,361	\$ 708,355	\$ 662,484	\$ 16,529,200

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

NOTE 1: BUSINESS

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

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, 2017 and 2016, 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 and Leasehold Improvements: Equipment is recorded at cost, if purchased, or at fair market value, if donated and is depreciated using the straight-line method over the estimated useful lives of the assets (3 – 5 years). Leasehold improvements are recorded at cost and are depreciated using the straight-line method over the term of the lease. 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
D/B/A CURE ALZHEIMER'S FUND
(A Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trademarks: Included in prepaid expenses and other assets at December 31, 2017 and 2016 is trademarks in the amount of \$58,921 and \$11,814, respectively, net of accumulated amortization of \$3,801 and \$41, respectively. Trademarks are amortized utilizing the straight-line method over a useful life of 15 years. Amortization of trademarks for the years ended December 31, 2017 and 2016 was \$3,760 and \$41, respectively. Future amortization expense will be \$4,181 for the years 2018 through 2031 and \$387 in 2032.

Advertising: Advertising and marketing costs are expensed when incurred.

Contributions: Contributions are received primarily from individuals and private foundations to support the purposes of CureAlz. 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 the current year's risk-free interest rates.

Donated Services: Donated services are recorded at their fair values in the period received. 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 was 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: CureAlz was determined to be exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code (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 were required.

CureAlz 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 a component of income tax expense in CureAlz's financial statements.

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currently, the tax years ended December 31, 2014, 2015, and 2016 are open and subject to examination by the Internal Revenue Service and the Massachusetts Department of Revenue. However, CureAlz is not currently under audit nor has CureAlz been contacted by any of these jurisdictions.

Based on the evaluation of CureAlz'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 years ended December 31, 2017 and 2016.

Research Distributions: Research distributions are recommended by the Board-appointed Research Consortium Scientific Advisory Board and recorded when they are approved by the Executive Committee of the Board of Directors.

Concentrations of Credit Risk: Financial instruments which potentially subject CureAlz 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.

Investments: Investments held in treasury bills with readily determinable fair values are measured at fair value (at the closing prices reported in the active markets that the securities are traded) in the statement of financial position. Unrealized gains or losses are included in the changes in net assets. Investment income is reported net of brokerage fees and commissions. Investment transactions are recorded on a trade date basis.

The Financial Accounting Standards Board ("FASB") ASC 820-10, "*Fair Value Measurements*", defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820-10, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the company has the ability to access.
- Level 2 – inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 – are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the company's own data).

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS

CureAlz did not hold any investments as of December 31, 2016. Investments held at December 31, 2017 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Quoted Price Inputs (Level 1)</u>
U.S. Treasury Bills	<u>\$ 3,978,489</u>	<u>\$ 3,990,040</u>	<u>\$ 3,990,040</u>

NOTE 4: PLEDGES RECEIVABLE (TEMPORARILY RESTRICTED)

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

	2017	2016
Pledges receivable (temporarily restricted) before unamortized discounts	\$ 1,540,000	\$ 2,570,000
Less unamortized discount at 2.11% and 1.47% for 2017 and 2016	<u>(31,823)</u>	<u>(51,509)</u>
Net pledges receivable	<u>\$ 1,508,177</u>	<u>\$ 2,518,491</u>

Pledges receivable is expected to be received as follows:

Less than one year	<u>\$ 1,540,000</u>
--------------------	----------------------------

NOTE 5: EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The cost and related accumulated depreciation and amortization of equipment and leasehold improvements are as follows as of December 31:

	2017	2016
Equipment	\$ 51,058	\$ 56,234
Leasehold improvements	<u>9,939</u>	<u>9,939</u>
	60,997	66,173
Less accumulated depreciation	<u>(18,140)</u>	<u>(15,264)</u>
	<u>\$ 42,857</u>	<u>\$ 50,909</u>

ALZHEIMER’S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER’S FUND
(A Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS

NOTE 5: EQUIPMENT AND LEASEHOLD IMPROVEMENTS (CONTINUED)

Depreciation expense for the years ended December 31, 2017 and 2016 amounted to \$14,582 and \$7,034, respectively. Fully depreciated equipment of \$11,706 was disposed of during 2017.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

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

	2017			
	<u>Balance</u> <u>12/31/2016</u>	<u>Contributions</u>	<u>Released from</u> <u>Restrictions</u>	
Pledges receivable, net	\$ 2,518,491	\$ -	\$ (1,010,314)	\$ 1,508,177
Documentary program project	83,336	-	(58,172)	25,164
Personnel	136,532	-	(16,235)	120,297
Research in African American Population	450,916	-	-	450,916
	<u>\$ 3,189,275</u>	<u>\$ -</u>	<u>\$ (1,084,721)</u>	<u>\$ 2,104,554</u>

	2016			
	<u>Balance</u> <u>1/1/2016</u>	<u>Contributions</u>	<u>Released from</u> <u>Restrictions</u>	
Pledges receivable, net	\$ 1,938,653	\$ 1,329,838	\$ (750,000)	\$ 2,518,491
Documentary program project	95,015	-	(11,679)	83,336
Personnel	-	136,532	-	136,532
Research in African American Population	-	450,916	-	450,916
	<u>\$ 2,033,668</u>	<u>\$ 1,917,286</u>	<u>\$ (761,679)</u>	<u>\$ 3,189,275</u>

The Documentary project (the “Project”) is an independent series of short documentaries about how families cope with Alzheimer’s disease. The series’ creator and executive producer is David Shenk, a writer and producer of Alzheimer’s-related films, books and articles. The total budget will be funded through contributions from the MetLife Foundation. The Project’s expenditures will be dispersed to contractors by CureAlz at David Shenk’s direction. The restricted cash of \$25,164 and \$83,336 represents the unspent Project funds at December 31, 2017 and 2016, respectively.

Personnel represents funds received for the purposes of funding a full-time staff person to help articulate the increasingly complex science of Alzheimer’s research for internal and external constituencies.

Funds have been targeted for research into the prevalence of Alzheimer’s disease in the African American community at higher rates than recorded among Caucasians. This will be a multiple year effort.

ALZHEIMER’S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER’S FUND
(A Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS

NOTE 7: RELATED PARTY TRANSACTIONS

The Board members/founders of CureAlz and their foundations contributed a total of \$3,367,945 and \$4,351,811 for the years ended December 31, 2017 and 2016, respectively.

NOTE 8: EMPLOYEE BENEFIT PLAN

CureAlz sponsors a 401(k) profit sharing plan (the “Plan”). The Plan covers all employees over 21 years old excluding temporary employees. In addition, CureAlz elects to make a noncontributory match equal to 3% of total wages. Employer contributions of \$33,029 and \$32,482 were made to the Plan during the years ended December 31, 2017 and 2016, respectively.

NOTE 9: COMMITMENTS

CureAlz amended its existing lease agreement on March 29, 2016 to rent office space through April 30, 2019. The original lease provided for lease payments of \$5,338 per month plus escalation costs. The amended lease provides for lease payments of \$9,983 per month plus escalation costs. Rent expense amounted to \$123,215 and \$87,285 for the years ended December 31, 2017 and 2016, respectively.

The future minimum lease payments are:

2018	\$	119,796
2019	\$	39,932

In 2018, CureAlz committed to research distributions in the amount of \$12.7 million to be paid in 2018.

ALZHEIMER'S DISEASE RESEARCH FOUNDATION
D/B/A CURE ALZHEIMER'S FUND
(A Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS

NOTE 10: RECONCILIATION TO FORM 990

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

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

	2017	2016
Unrestricted net assets, revenue and other support	\$ 18,596,908	\$ 15,015,202
Temporarily restricted net assets	(1,084,721)	1,155,607
Unrealized (gain) on investments	(10,314)	-
Unrealized loss on donor advised funds	<u>-</u>	<u>113</u>
Total revenue per financial statements	17,501,873	16,170,922
Less donated services not required for Form 990	(3,762)	<u>(13,766)</u>
Total revenue per Form 990, Page 1 Line 12	<u>\$ 17,498,111</u>	<u>\$ 16,157,156</u>
Program expenses:		
Research distributions	\$ 15,301,085	\$ 13,455,939
Documentary program project expenses	58,172	11,679
Operating program expenses	2,352,793	<u>1,690,743</u>
	<u>17,712,050</u>	<u>15,158,361</u>
Management and general expenses	751,416	708,355
Fundraising expenses	539,850	662,484
Less donated services not required for Form 990	(3,762)	<u>(13,766)</u>
	<u>536,088</u>	<u>648,718</u>
Total expenses per Form 990, Page 1 Line 18	<u>\$ 18,999,554</u>	<u>\$ 16,515,434</u>

NOTE 11: SUBSEQUENT EVENTS

CureAlz has evaluated subsequent events through March 21, 2018, which is the date the financial statements were available to be issued. There were no events noted that required disclosure in these financial statements.