

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION  
D/B/A CURE ALZHEIMER'S FUND**

**Financial Statements**

**Years Ended December 31, 2020 and 2019**

**(With Independent Auditors' Report Thereon)**

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION  
D/B/A CURE ALZHEIMER'S FUND**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2020 and 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
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) (CureAlz), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 CureAlz'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 CureAlz'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.

### **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, 2020 and 2019, 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.

*Kahn, Litwin, Renya & Co., Ltd.*

April 29, 2021

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,399,792	\$ 4,797,158
Contributions receivable	200,001	219,130
Pledges receivable, current portion	2,365,000	2,805,010
Investments	6,362,446	2,255,465
Prepaid expenses and other current assets	55,727	65,952
<b>Total current assets</b>	<b>15,382,966</b>	<b>10,142,715</b>
Pledges Receivable, less current portion, net	1,028,694	3,285,560
Equipment, net	15,382	26,595
<b>Total Assets</b>	<b>\$ 16,427,042</b>	<b>\$ 13,454,870</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 959,088	\$ 385,376
Accrued payroll and related	172,501	166,892
Deferred revenue	500,000	-
<b>Total current liabilities</b>	<b>1,631,589</b>	<b>552,268</b>
Net Assets:		
Without donor restrictions	10,674,191	6,344,297
With donor restrictions	4,121,262	6,558,305
<b>Total net assets</b>	<b>14,795,453</b>	<b>12,902,602</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,427,042</b>	<b>\$ 13,454,870</b>

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2020 and 2019**



	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 22,216,254	\$ 658,134	\$ 22,874,388	\$ 22,481,795	\$ 8,015,547	\$ 30,497,342
Investment income	24,761	-	24,761	24,010	-	24,010
Net assets released from restrictions	3,095,177	(3,095,177)	-	2,680,271	(2,680,271)	-
<b>Total revenue and support</b>	<b>25,336,192</b>	<b>(2,437,043)</b>	<b>22,899,149</b>	<b>25,186,076</b>	<b>5,335,276</b>	<b>30,521,352</b>
Expenses:						
Program:						
Research distributions and support	16,691,462	-	16,691,462	19,858,076	-	19,858,076
Other program expenses	2,218,400	-	2,218,400	2,316,970	-	2,316,970
<b>Total program expenses</b>	<b>18,909,862</b>	<b>-</b>	<b>18,909,862</b>	<b>22,175,046</b>	<b>-</b>	<b>22,175,046</b>
Management and general	995,410	-	995,410	945,064	-	945,064
Fundraising	1,101,026	-	1,101,026	1,187,877	-	1,187,877
<b>Total expenses</b>	<b>21,006,298</b>	<b>-</b>	<b>21,006,298</b>	<b>24,307,987</b>	<b>-</b>	<b>24,307,987</b>
<b>Change in net assets</b>	<b>4,329,894</b>	<b>(2,437,043)</b>	<b>1,892,851</b>	<b>878,089</b>	<b>5,335,276</b>	<b>6,213,365</b>
<b>Net Assets, beginning of year</b>	<b>6,344,297</b>	<b>6,558,305</b>	<b>12,902,602</b>	<b>5,466,208</b>	<b>1,223,029</b>	<b>6,689,237</b>
<b>Net Assets, end of year</b>	<b>\$ 10,674,191</b>	<b>\$ 4,121,262</b>	<b>\$ 14,795,453</b>	<b>\$ 6,344,297</b>	<b>\$ 6,558,305</b>	<b>\$ 12,902,602</b>

See accompanying notes to the financial statements and independent auditors' report.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2020 and 2019**



	2020			2019				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Research distributions and support	\$ 16,691,462	\$ -	\$ -	\$ 16,691,462	\$ 19,858,076	\$ -	\$ -	\$ 19,858,076
Personnel and related:								
Salaries	1,105,448	354,504	470,369	1,930,321	934,145	328,378	410,581	1,673,104
Payroll taxes	91,325	23,324	29,754	144,403	86,192	21,738	27,034	134,964
Employee benefits	109,053	36,196	46,173	191,422	89,600	27,278	33,924	150,802
<b>Total personnel and related</b>	<b>1,305,826</b>	<b>414,024</b>	<b>546,296</b>	<b>2,266,146</b>	<b>1,109,937</b>	<b>377,394</b>	<b>471,539</b>	<b>1,958,870</b>
Other expenses:								
Accounting services	-	201,259	-	201,259	-	162,328	-	162,328
Advertising and promotion	259,903	-	150	260,053	65,838	-	37,729	103,567
Conferences, conventions and meetings	19,021	-	4,274	23,295	95,534	51,764	142,453	289,751
Consulting services	415,408	125,796	275,428	816,632	712,296	70,988	115,149	898,433
Depreciation	-	11,213	-	11,213	-	11,756	-	11,756
Gift processing fees	-	89	126,587	126,676	-	159	139,375	139,534
Information technology	7,342	101,438	-	108,780	6,707	76,005	-	82,712
Insurance	2,254	16,546	-	18,800	3,812	11,367	-	15,179
Legal services	29,816	18,991	1,290	50,097	61,670	35,299	23,544	120,513
Miscellaneous	17,093	11,755	11,086	39,934	15,922	14,995	32,007	62,924
Occupancy	104,823	34,791	44,381	183,995	110,212	33,554	41,729	185,495
Office expenses	47,801	53,984	73,494	175,279	69,684	62,593	93,435	225,712
Travel and related	9,113	5,524	18,040	32,677	65,358	36,862	90,917	193,137
<b>Total other expenses</b>	<b>912,574</b>	<b>581,386</b>	<b>554,730</b>	<b>2,048,690</b>	<b>1,207,033</b>	<b>567,670</b>	<b>716,338</b>	<b>2,491,041</b>
<b>Total expenses</b>	<b>\$ 18,909,862</b>	<b>\$ 995,410</b>	<b>\$ 1,101,026</b>	<b>\$ 21,006,298</b>	<b>\$ 22,175,046</b>	<b>\$ 945,064</b>	<b>\$ 1,187,877</b>	<b>\$ 24,307,987</b>

See accompanying notes to the financial statements and independent auditors' report.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2020 and 2019**



	<b>2020</b>	<b>2019</b>
Cash Flows from Operating Activities:		
Cash received from:		
Contributions	\$ 26,090,393	\$ 24,972,655
Investment income	15,391	83,266
<b>Total receipts</b>	<b>26,105,784</b>	<b>25,055,921</b>
Cash paid for:		
Research distributions and support	(16,171,932)	(20,243,522)
Salaries and related expenses	(2,241,550)	(1,853,352)
Professional fees	(1,114,197)	(1,311,634)
Gift processing fees	(112,067)	(139,534)
Occupancy expenses	(183,995)	(185,495)
Other expenses	(581,798)	(708,286)
<b>Total expenditures</b>	<b>(20,405,539)</b>	<b>(24,441,823)</b>
<b>Net cash provided by operating activities</b>	<b>5,700,245</b>	<b>614,098</b>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	70,855	3,995,767
Purchase of investments	(4,168,466)	(1,864,701)
<b>Net cash provided (used) by investing activities</b>	<b>(4,097,611)</b>	<b>2,131,066</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,602,634</b>	<b>2,745,164</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>4,797,158</b>	<b>2,051,994</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 6,399,792</b>	<b>\$ 4,797,158</b>



**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

**1. Nature of Operations**

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.

CureAlz's unwavering focus has been providing research grants to the world's leading scientists researching Alzheimer's disease. To date, CureAlz has contributed more than \$125,000,000 to Alzheimer's research. In 2020, 133 papers were published in premier science journals, referencing CureAlz as having provided a grant for the study being reviewed, bringing total papers to 740. Citations of those papers (references in other publications) totaled 12,455 in 2020, bringing total citations to 47,292.

**2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of CureAlz is presented to assist the reader in understanding CureAlz's financial statements. The financial statements and notes are representations of CureAlz's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

***Financial Statement Presentation***

CureAlz prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

***Net Assets With Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

***Cash and Cash Equivalents***

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rate applicable to the time over which the promise is anticipated. Conditional promises to give are not included as support until such time as the conditions are substantially met. On a periodic basis, CureAlz evaluates its contributions receivable and establishes an allowance for doubtful accounts, based on a history of past collection experience and current credit conditions. At December 31, 2020 and 2019, management determined an allowance was not necessary.

***Pledges Receivable***

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.

CureAlz 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, 2020 and 2019, management determined that no allowance for doubtful accounts was deemed necessary.

***Convertible Note Receivable***

On December 14, 2020, CureAlz invested \$348,294 in Amylyx as a convertible note receivable (the "Note"). As of December 31, 2020, the Note's principal and accrued interest are pending conversion into Amylyx Preferred Stock, which is expected to take place in 2021. As of December 31, 2020, given the uncertain future value to be recognized on the Note, CureAlz has fully reserved for it. The \$348,294 allowance is recorded within the research distributions and support line of the statement of activities as of December 31, 2020.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

***Investments and Fair Value Measurements***

CureAlz values its investments at fair value. 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 authoritative guidance, 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:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities CureAlz has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs 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 are developed based on the best information available in the circumstances and may include CureAlz's own data.

CureAlz reports investments at fair value on a recurring basis. The investments are classified as level 1 within the fair value hierarchy.

Level 1 investments owned by CureAlz and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date, or in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Realized and unrealized gains and losses on investments are reported as changes in net assets without donor restrictions, unless gains and losses on investments are restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends and interest are recorded as received, which does not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date.

***Equipment***

All expenditures for equipment in excess of \$5,000 are capitalized at cost; the fair market value of donated assets is similarly recorded. Equipment is depreciated using the straight-line method over the estimated useful lives of the related assets ranging from three to five years.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

***Revenue and Support Recognition***

***Contributions*** - CureAlz recognizes contributions in the year in which the contribution is made. Contributions are recorded either as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Restricted contributions are classified as net assets without donor restrictions if the restrictions are satisfied in the same reporting period in which the contributions are received.

***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 CureAlz. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Donated service income is included in other income on the statements of activities.

***Research Distributions and Support***

Research distributions are recommended by the Research Leadership Group and approved by the Executive Committee of the Board. Research distributions are recorded when notice of award is issued to the applicant investigator(s).

***Advertising***

Advertising and promotion costs are expensed when incurred.

***Income Taxes***

CureAlz is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that CureAlz operates in a manner consistent with its tax-exempt status at both the state and federal level.

CureAlz annually files IRS Form 990 - *Return of Organization Exempt From Income Tax* reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. CureAlz currently has no tax examinations in progress.

***Allocation of Expenses***

CureAlz's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated based on personnel-cost.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

***Estimates and Assumptions***

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 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. Accordingly, actual results could differ from those estimates.

***Reclassifications***

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 financial statement presentation.

***Recent Accounting Pronouncements***

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides new presentation and disclosure requirements for contributed nonfinancial assets other than contributed services. The standard will be effective for CureAlz's year ending December 31, 2021.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is effective for annual periods beginning after December 15, 2021. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for CureAlz's year ending December 31, 2022, with early adoption permitted. CureAlz is currently in the process of evaluating the impact of adoption on the financial statements.

***Subsequent Events***

Management of CureAlz has evaluated subsequent events through April 29, 2021, which is the date these financial statements were available to be issued.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION  
D/B/A CURE ALZHEIMER'S FUND  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2020 and 2019**

**3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2020 and 2019:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 6,399,792	\$ 4,797,158
Contributions receivable	200,001	219,130
Pledges receivable, current portion	2,365,000	2,805,010
Investments	6,362,446	2,255,465
Financial assets	15,327,239	10,076,763
Less financial assets unavailable for general expenditure:		
Purpose restrictions	3,092,568	3,272,745
Financial assets available to meet general expenditure needs within one year	\$ 12,234,671	\$ 6,804,018

CureAlz's financial assets available for general expenditure consist of funds intended to be used to cover short-term operating expenses, including its extensive research distribution program. These financial assets are invested with the purpose of preserving assets to cover operating expenses and realizing earnings in a way that allows for immediate liquidity to meet CureAlz's ongoing programmatic and operational needs. To help manage unanticipated liquidity needs, CureAlz is able to draw an additional \$4,000,000 from their available line of credit as of December 31, 2020. The Board also finances all of the overhead expenses so that 100% of all donations go to fund Alzheimer's disease research (Note 9).

***COVID-19 Pandemic***

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The extent of the impact of COVID-19 on the CureAlz's future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and state and local limitations, which are uncertain and cannot be predicted. While CureAlz's operations continue, it is possible that this outbreak will negatively impact future operating results. CureAlz is not able to reliably estimate the length or severity of this outbreak and the related financial impact at this time.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

**4. Pledges Receivable**

Pledges receivable consist of promises to give from donors to support CureAlz's charitable mission.

At year-end, long-term pledges receivable have been discounted using the risk-free rate of 0.48% and 1.69% (the Federal Reserve interest rate at December 31, 2020 and 2019, respectively), to reflect the present value of those receivables. The promised contributions due are as follows:

	2020	2019
Within one year	\$ 2,365,000	\$ 2,805,010
One to two years	1,050,000	2,365,000
Two to three years	-	1,050,000
Total pledges receivable	3,415,000	6,220,010
Less: present value component	21,306	129,440
Total pledges receivable, net	3,393,694	6,090,570
Less: current portion	2,365,000	2,805,010
Pledges receivable, less current portion, net	\$ 1,028,694	\$ 3,285,560

**5. Investments**

Investments are presented in the statements of financial position at their aggregate fair value and consist of the following:

	2020	2019
Level 1:		
Money market funds	\$ 5,064,677	\$ 944,190
Common stock	1,297,769	1,311,275
Total investments	\$ 6,362,446	\$ 2,255,465

In 2015 CureAlz provided \$300,000 to Amylyx for research which was recorded as research grant expense. On August 8, 2016, principal and accrued interest on this convertible note receivable was converted to 341,253 share of Series A Preferred Stock. The conversion price was \$0.921804 per share resulting in a total investment cost of \$314,568. CureAlz recorded this level 3 investment at cost since observable price quotations were not available. To be consistent with its convertible note receivable treatment, CureAlz has also fully reserved for this investment at cost as of December 31, 2020.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

**6. Equipment**

Equipment consisted of the following:

	2020	2019
Equipment	\$ 54,458	\$ 54,458
Less accumulated depreciation	39,076	27,863
Equipment, net	\$ 15,382	\$ 26,595

**7. Line of Credit**

In June 2019, CureAlz entered into a line-of-credit agreement with a financial institution allowing for maximum borrowings of \$4,000,000. Interest is payable monthly at the Prime Rate (3.25% and 4.75 at December 31, 2020 and 2019, respectively) minus 1%, but not less than 3.25%. The line of credit is secured by substantially all assets of CureAlz and has been extended to expire on December 17, 2021. At December 31, 2020 and 2019, there was no outstanding balance on the line of credit.

In addition, the line-of-credit agreement contains various financial and reporting covenants and restrictions that are more fully described in the line-of-credit agreement. At December 31, 2020, management believes that CureAlz is in compliance with all line-of-credit covenants.

**8. Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following:

	2020	2019
Time Restrictions:		
Pledges receivable	\$ 3,393,694	\$ 6,090,570
Purpose Restrictions:		
Gut microbiome research project	200,000	200,000
African American population research	177,568	177,568
APOE Research	350,000	-
Personnel and related costs	-	30,167
Amyloid beta research	-	50,000
Other programs	-	10,000
Total net assets with donor restrictions	\$ 4,121,262	\$ 6,558,305



**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

*Gut Microbiome Research Project*

Funds have been targeted for research into the gut microbiome. Micro-organisms of the human gastrointestinal tract are collectively referred to as the gut microbiota or microbiome. Recent findings suggest cerebral amyloid deposition, the hallmark pathology for Alzheimer's disease, may be among the brain pathologies linked to gut microbiota. CureAlz will fund additional study of the connection between Alzheimer's disease amyloidosis and the gut microbiota.

*African American Population Research*

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.

*APOE Research*

The *APOE4* gene variant has been identified as the biggest genetic driver of the risk of late-onset Alzheimer's; carriers who develop the disease also do so at a younger age than do affected non-carriers. However, the APOE protein fulfills a variety of key bodily functions in both the brain and the periphery of the body and it is as yet unclear what role or roles may be most important to the risk it conveys when it derives from *APOE4*. Funds have been provided to support an ongoing consortium of labs investigating the myriad effects of APOE isoforms on Alzheimer's risk and progression.

**9. Commitments and Contingencies**

***Research Distributions***

As of December 31, 2020, CureAlz is committed to research distributions of approximately \$8,368,800, provided recipients meet certain milestones, as defined.

***Lease Commitments***

CureAlz leases its operating facility in Wellesley Hills, Massachusetts under a lease agreement dated September 2018, with monthly payments of \$14,739, through September 2021. Lease expense was approximately \$176,900 for each of the years ended December 31, 2020 and 2019, and is included in occupancy costs in the statements of functional expenses.

During August 2019, CureAlz entered into a lease agreement for two copier machines set to expire in July 2024 with monthly payments of \$724 plus additional print charges. Lease expense was approximately \$8,600 and \$4,300 for the years ended December 31, 2020 and 2019, respectively, and is included in office expenses in the statements of functional expenses.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION  
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Approximate future minimum lease payments are as follows:

<u>Year Ending</u>	
December 31, 2021	\$ 141,300
December 31, 2022	8,700
December 31, 2023	8,700
December 31, 2024	<u>5,100</u>
Total	<u>\$ 163,800</u>

***Retirement Plan***

CureAlz sponsors a 401(k) plan. The plan covers all employees over 21 years of age excluding temporary employees. In addition, CureAlz elects to make a noncontributory match equal to 3% of total wages. Employer contributions of approximately \$59,900 and \$53,000 were made to the plan during the years ended December 31, 2020 and 2019, respectively.

**10. Related Party Transactions**

Board members/founders of CureAlz and their respective foundations contributed \$6,165,760 and \$6,861,860 for the years ended December 31, 2020 and 2019, respectively, which is included in contributions without restrictions in the statements of activities.

CureAlz utilizes a vendor offering creative and production services. One of the vendor's principals is a spouse of a key employee of CureAlz. CureAlz paid approximately \$193,800 and \$227,900 for services for the years ended December 31, 2020 and 2019.

**11. Concentrations of Credit Risk**

Financial instruments that potentially subject CureAlz to concentrations of credit risk consist principally of cash and cash equivalents, pledges receivable and investments.

CureAlz maintains its operating accounts in two financial institutions. The balances at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 and Securities Investor Protection Corporation up to specified limits. The account balances, at times, may exceed the federally insured limits. Cash balances in excess of \$250,000 are generally uninsured.

At year end, 88% of the pledges receivable balance was due from three donors. Management has performed an analysis of these receivables at year end and does not believe that significant credit risk exists relating to pledges receivable.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
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Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such change could materially affect investment balances and activity included in the financial statements.

**12. Reconciliation to the Form 990**

A reconciliation from the audited financial statements to the Form 990 is as follows:

	<u>2020</u>	<u>2019</u>
Revenue and support:		
Without donor restrictions	\$ 25,336,192	\$ 25,186,076
With donor restrictions	<u>(2,437,043)</u>	<u>5,335,276</u>
Revenue and support per financial statements	22,899,149	30,521,352
Add (Less):		
Investment fees	81	40
Unrealized gain (loss) on investments	<u>(7)</u>	<u>61,341</u>
Total revenue per Form 990, Page 1, Line 12	<u>\$ 22,899,223</u>	<u>\$ 30,582,733</u>
Expenses:		
Program	\$ 18,909,862	\$ 22,175,046
Management and general	995,410	945,064
Fundraising	<u>1,101,026</u>	<u>1,187,877</u>
Expenses per financial statements	21,006,298	24,307,987
Add (Less):		
Investment fees	<u>81</u>	<u>40</u>
Total expenses per Form 990, Page 1, Line 18	<u>\$ 21,006,379</u>	<u>\$ 24,308,027</u>