

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

**Financial Statements**

**Years Ended December 31, 2022 and 2021**

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

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

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2022 and 2021**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Alzheimer's Disease Research Foundation d/b/a Cure Alzheimer's Fund (a not-for-profit organization) (CureAlz), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CureAlz as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CureAlz and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CureAlz's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CureAlz's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CureAlz's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

April 27, 2023

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**



	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 10,033,492	\$ 9,795,982
Contributions receivable	66,406	-
Pledges receivable, current portion	1,100,000	1,350,000
Investments	17,733,326	12,506,659
Prepaid expenses and other current assets	218,532	160,657
<b>Total current assets</b>	<b>29,151,756</b>	<b>23,813,298</b>
Pledges Receivable, less current portion, net	711,329	146,905
Equipment, net	3,042	6,949
Right-of-Use Asset, net	326,657	-
<b>Total Assets</b>	<b>\$ 30,192,784</b>	<b>\$ 23,967,152</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of operating leases payable	\$ 171,830	\$ -
Accounts payable	129,949	430,625
Research grants payable	763,585	5,103,487
Accrued payroll and related	528,365	232,539
<b>Total current liabilities</b>	<b>1,593,729</b>	<b>5,766,651</b>
Long-term Liabilities:		
Operating leases payable, less current portion	140,445	-
<b>Total long-term liabilities</b>	<b>140,445</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,734,174</b>	<b>5,766,651</b>
Net Assets:		
Without donor restrictions	26,297,281	16,316,372
With donor restrictions	2,161,329	1,884,129
<b>Total net assets</b>	<b>28,458,610</b>	<b>18,200,501</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 30,192,784</b>	<b>\$ 23,967,152</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 ACTIVITIES  
Years Ended December 31, 2022 and 2021**



	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 23,108,008	\$ 3,014,424	\$ 26,122,432	\$ 20,144,123	\$ 987,867	\$ 21,131,990
Donated stock	5,919,199	-	5,919,199	5,161,866	-	5,161,866
Special events, net of direct expenses of \$78,097 and \$78,301, respectively	306,887	-	306,887	246,821	-	246,821
Investment income, net (Note 5)	8,492,261	-	8,492,261	29,606	-	29,606
Net assets released from restrictions	2,737,224	(2,737,224)	-	3,225,000	(3,225,000)	-
<b>Total revenue and support</b>	<b>40,563,579</b>	<b>277,200</b>	<b>40,840,779</b>	<b>28,807,416</b>	<b>(2,237,133)</b>	<b>26,570,283</b>
Expenses:						
Program:						
Research distributions and support	24,460,315	-	24,460,315	17,719,354	-	17,719,354
Other program expenses	3,426,801	-	3,426,801	2,962,292	-	2,962,292
<b>Total program expenses</b>	<b>27,887,116</b>	<b>-</b>	<b>27,887,116</b>	<b>20,681,646</b>	<b>-</b>	<b>20,681,646</b>
Management and general	1,032,769	-	1,032,769	1,009,657	-	1,009,657
Fundraising	1,662,785	-	1,662,785	1,473,932	-	1,473,932
<b>Total expenses</b>	<b>30,582,670</b>	<b>-</b>	<b>30,582,670</b>	<b>23,165,235</b>	<b>-</b>	<b>23,165,235</b>
<b>Change in net assets</b>	<b>9,980,909</b>	<b>277,200</b>	<b>10,258,109</b>	<b>5,642,181</b>	<b>(2,237,133)</b>	<b>3,405,048</b>
<b>Net Assets, beginning of year</b>	<b>16,316,372</b>	<b>1,884,129</b>	<b>18,200,501</b>	<b>10,674,191</b>	<b>4,121,262</b>	<b>14,795,453</b>
<b>Net Assets, end of year</b>	<b>\$ 26,297,281</b>	<b>\$ 2,161,329</b>	<b>\$ 28,458,610</b>	<b>\$ 16,316,372</b>	<b>\$ 1,884,129</b>	<b>\$ 18,200,501</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, 2022 and 2021**



	2022			2021				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Research distributions and support	\$ 24,460,315	\$ -	\$ -	\$ 24,460,315	\$ 17,719,354	\$ -	\$ -	\$ 17,719,354
Personnel and related:								
Salaries	1,766,205	446,768	971,832	3,184,805	1,486,583	369,036	820,013	2,675,632
Payroll taxes	155,536	28,738	61,603	245,877	135,775	25,097	56,426	217,298
Employee benefits	156,400	37,939	81,741	276,080	130,296	32,465	72,993	235,754
<b>Total personnel and related</b>	<b>2,078,141</b>	<b>513,445</b>	<b>1,115,176</b>	<b>3,706,762</b>	<b>1,752,654</b>	<b>426,598</b>	<b>949,432</b>	<b>3,128,684</b>
Other expenses:								
Accounting services	-	149,145	-	149,145	-	192,212	-	192,212
Advertising and promotion	777,562	-	-	777,562	732,534	-	50,180	782,714
Conferences, conventions and meetings	16,896	-	6,787	23,683	15,590	-	23,386	38,976
Consulting services	244,756	190,534	188,161	623,451	255,341	201,492	142,416	599,249
Depreciation	-	3,907	-	3,907	-	8,433	-	8,433
Gift processing fees	-	70	137,579	137,649	-	97	143,497	143,594
Information technology	8,057	81,256	-	89,313	8,689	71,854	-	80,543
Insurance	3,625	17,605	1,895	23,125	4,136	11,163	-	15,299
Legal services	8,491	3,229	3,817	15,537	27,644	7,560	452	35,656
Miscellaneous	24,097	9,373	20,339	53,809	19,028	12,306	15,473	46,807
Occupancy	111,388	26,933	58,028	196,349	102,240	24,888	55,745	182,873
Office expenses	148,991	37,156	59,140	245,287	43,150	51,027	89,372	183,549
Travel and related	4,797	116	71,863	76,776	1,286	2,027	3,979	7,292
<b>Total other expenses</b>	<b>1,348,660</b>	<b>519,324</b>	<b>547,609</b>	<b>2,415,593</b>	<b>1,209,638</b>	<b>583,059</b>	<b>524,500</b>	<b>2,317,197</b>
<b>Total expenses</b>	<b>\$ 27,887,116</b>	<b>\$ 1,032,769</b>	<b>\$ 1,662,785</b>	<b>\$ 30,582,670</b>	<b>\$ 20,681,646</b>	<b>\$ 1,009,657</b>	<b>\$ 1,473,932</b>	<b>\$ 23,165,235</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, 2022 and 2021**



	<b>2022</b>	<b>2021</b>
Cash Flows from Operating Activities:		
Cash received from:		
Contributions	\$ 26,126,586	\$ 23,053,901
Investment income	63,064	4,457
<b>Total receipts</b>	<b>26,189,650</b>	<b>23,058,358</b>
Cash paid for:		
Research distributions and support	(28,800,217)	(13,145,468)
Salaries and related expenses	(3,950,396)	(3,306,292)
Professional fees	(607,648)	(637,862)
Gift processing fees	(151,928)	(157,873)
Occupancy expenses	(211,088)	(182,873)
Other expenses	(1,352,592)	(1,274,602)
<b>Total expenditures</b>	<b>(35,073,869)</b>	<b>(18,704,970)</b>
<b>Net cash provided (used) by operating activities</b>	<b>(8,884,219)</b>	<b>4,353,388</b>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	14,929,740	2,093,774
Purchase of investments	(5,808,011)	(8,114,495)
<b>Net cash provided (used) by investing activities</b>	<b>9,121,729</b>	<b>(6,020,721)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>237,510</b>	<b>(1,667,333)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>9,795,982</b>	<b>11,463,315</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 10,033,492</b>	<b>\$ 9,795,982</b>
<b>Non-cash Operating and Investing Activity:</b>		
Donated stock	\$ 5,919,199	\$ 5,161,866
Donated use of facility	\$ 58,806	\$ -



**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

**1. Nature of Operations**

Alzheimer's Disease Research Foundation d/b/a Cure Alzheimer's Fund (CureAlz) is a not-for-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 \$165,000,000 to Alzheimer's research. In 2022, 165 papers were published in premier science journals, referencing CureAlz as having provided a grant for the study being reviewed, bringing total papers to 1,003. Citations of those papers (references in other publications) totaled 16,194 in 2022, bringing total citations to 78,493.

**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.

***Accounting Pronouncements Adopted***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases*, which was later delayed to be 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 are classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities.

CureAlz adopted the standard effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption), with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

CureAlz elected the available practical expedient to account for its existing operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, CureAlz recognized on January 1, 2022 a liability at the carrying amount of the operating lease obligation of \$495,929 and a right-of-use asset at the carrying amount of the operating lease asset of \$510,668, adjusted for prepaid rent. The adoption of ASU 2016-02 did not have a significant impact on CureAlz's results of operations or cash flows.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity received. CureAlz adopted ASU 2020-07 for the year ended December 31, 2022. The adoption of ASU 2020-07 did not have a significant effect on CureAlz's 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

***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.

***Pledges Receivable***

Pledges receivable (unconditional promises to give) 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, 2022 and 2021, management determined that no allowance for doubtful accounts was necessary.

***Investments and Fair Value Measurements***

CureAlz reports its investments in money market funds and common stock 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 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 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.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

CureAlz's investments are classified as Level 1 within the fair value hierarchy as follows:

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. In the absence of recorded sales, Level 1 investments are valued at the last quoted bid price reported as of the financial statement reporting date.

CureAlz reports the investments' net realized and unrealized gains and losses each reporting date in the statement of activities as a component of investment income, net. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless such gains and losses 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 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.

***Leases***

During 2022, CureAlz implemented ASU 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. Leases are recorded on the statement of financial position as right-of-use (ROU) assets and lease liabilities and are classified as either operating leases or finance leases.

A finance lease is a lease with one or more of the following characteristics:

- provides for the transfer of ownership at the conclusion of the lease term,
- the lease term covers the majority of the asset's economic life,
- the present value of the lease payments plus any residual value guarantee is equal to or exceeds the fair value of the asset, or
- the asset is specialized in nature and will not be of any use to anyone else.

All other leases with non-cancellable lease terms are classified as operating leases or short-term leases. Those agreements with cancellable lease terms are recorded as short-term leases.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

CureAlz has elected the practical expedient for certain lease agreements for facilities that include base rental payments which include both a lease component (the right to use the building) and a non-lease component (payment or reimbursement for services provided, i.e., maintenance). ASU 2016-02 has provided for a practical expedient to combine the lease component and non-lease component as a single lease component.

CureAlz has elected to apply the short-term lease exemption and does not recognize non-cancellable short-term leases as operating or finance leases. Short-term leases are defined as leases with lease terms of 12 months or less or a 12-month lease with an option to extend in which it is reasonably certain the option will not be exercised. If it is probable that the option will be exercised, the non-cancellable lease will not qualify as a short-term lease. Lease expenses for short-term leases are recognized straight-line over the lease term, and any variable lease payments are recorded in the period in which the obligation for those payments is incurred.

Lease liabilities are discounted to the present value of the future payments remaining after the commencement date. The discount rate used on new or amended lease agreements subsequent to the adoption of ASU 2016-02 is the risk-free discount rate applicable to the lease term.

Lease payments include fixed lease payments and variable lease payments whereby measurement is based on an index or a rate. Variable payments on equipment leases include additional rents based on equipment usage which are recorded as lease expense when the amount becomes measurable. Variable payments on real estate leases include CureAlz's payments for its pro-rata share of real estate taxes and building insurance not included in the base rental payment amount, which are recorded as lease expense when the amount becomes measurable.

The ROU asset is measured using the lease liability plus any lease payments made before the commencement date, plus any initial direct costs, less any lessor incentive.

ROU assets - operating leases are amortized over the assets' lease period.

***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. However, it is the policy of CureAlz to show donor-restricted contributions that are both received and fully expended in the same period as net assets without donor restrictions.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

***Donated Goods and Services*** – Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by CureAlz. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met. No significant services were provided in 2022 and 2021.

***Special Events*** – CureAlz recognizes special event revenue at the point in time the event takes place.

***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.

***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.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

***Reclassifications***

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation.

***Subsequent Events***

Management of CureAlz has evaluated subsequent events through April 27, 2023, which is the date these financial statements were available to be issued.

**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, 2022 and 2021:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 10,033,492	\$ 9,795,982
Contributions receivable	66,406	-
Pledges receivable, current portion	1,100,000	1,350,000
Investments	17,733,326	12,506,659
Financial assets	28,933,224	23,652,641
Less financial assets unavailable for general expenditure:		
Donor restrictions	1,450,000	1,737,224
Financial assets available to meet general expenditure needs within one year	\$ 27,483,224	\$ 21,915,417

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. The Board finances all of the overhead expenses so that 100% of all donations go to fund Alzheimer's disease research.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

**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 4.33% and 1.26% (the Federal Reserve interest rate at December 31, 2022 and 2021, respectively, to reflect the present value of those receivables.

The promised contributions are due as follows:

	2022	2021
Within one year	\$ 1,100,000	\$ 1,350,000
One to two years	600,000	50,000
Two to three years	100,000	100,000
Three to four years	50,000	-
Total pledges receivable	1,850,000	1,500,000
Less: present value component	38,671	3,095
Total pledges receivable, net	1,811,329	1,496,905
Less: current portion	1,100,000	1,350,000
Pledges receivable, less current portion, net	\$ 711,329	\$ 146,905

**5. Investments**

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

	2022	2021
Level 1:		
Money market funds	\$ 897	\$ 1,186
U.S. Treasury bills	17,721,767	12,483,680
Common stock	10,662	21,793
Total investments	\$ 17,733,326	\$ 12,506,659



**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

In 2015 CureAlz provided \$300,000 to Amylyx (a pharmaceutical company developing therapeutics for neurodegenerative diseases) for research, which was recorded as a convertible note receivable. In August 2016, principal and accrued interest on this convertible note receivable was converted to preferred stock resulting in a total investment cost of \$314,568. On December 14, 2020, CureAlz provided an additional \$348,294 to Amylyx as a convertible note receivable which was converted to preferred stock on September 30, 2021. The value of this investment at December 31, 2021 had been recorded by CureAlz as \$0, due to the lack of observable data to measure its fair value.

On January 7, 2022, Amylyx filed its initial public offering (IPO) at a price of \$19 per share. In accordance with the offering, all preferred shares were converted to common shares on a 1 for 1 basis. After the removal of lockup restrictions, the common stock was available for sale on July 7, 2022. During July 2022, CureAlz sold all the common stock holdings at various dates. The sale resulted in a realized gain of approximately \$8,142,200, which is included in investment income, net on the accompanying 2022 statement of activities.

**6. Equipment**

Equipment consisted of the following:

	2022	2021
Equipment	\$ 54,458	\$ 54,458
Less accumulated depreciation	51,416	47,509
Equipment, net	\$ 3,042	\$ 6,949

**7. Right-of-Use Assets and Leases Payable**

*Right-of-Use Assets*

CureAlz leases its administrative offices under a non-cancellable operating lease that expires on September 30, 2024. Base rent was approximately \$176,900 for each of the years ended December 31, 2022 and 2021, and is included in occupancy costs in the accompanying statements of functional expenses.

CureAlz also leases two copier machines under agreements that expire in July 2024. Lease expense was approximately \$11,100 and \$11,200 for the years ended December 31, 2022 and 2021, respectively, and is included in office expenses in the accompanying statements of functional expenses.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**



The following is a summary of the right-of-use asset at December 31, 2022:

Right-of-use assets	\$ 510,668
Less accumulated amortization	<u>(184,011)</u>
	<u>\$ 326,657</u>

Minimum future lease payments under the operating lease obligations as of December 31, 2022 are as follows:

<u>Year Ending</u>	<u>Gross Consideration</u>	<u>Imputed Interest</u>	<u>Principal Portion</u>
December 31, 2023	\$ 174,344	\$ 2,514	\$ 171,830
December 31, 2024	<u>141,051</u>	<u>606</u>	<u>140,445</u>
Total	<u>\$ 315,395</u>	<u>\$ 3,120</u>	<u>\$ 312,275</u>

Reported as:

Current portion of operating lease payable	\$ 171,830
Operating lease payable, less current portion	<u>140,445</u>
	<u>\$ 312,275</u>

Other quantitative disclosures for the year ended December 31, 2022, are as follows:

Lease Cost:

Operating lease cost	\$ 188,009
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Other Information:

Weighted average remaining lease term	1.74 years
Weighted average discount rate	1.04%

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**



Total lease expense for the year ended December 31, 2021 was \$188,100. Aggregate future minimum lease payments as of December 31, 2021 were as follows:

<u>Year Ending</u>	<u>Operating Lease</u>
December 31, 2022	\$ 185,600
December 31, 2023	185,600
December 31, 2024	<u>137,700</u>
Total	<u>\$ 508,900</u>

**8. 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 was payable monthly at the Prime Rate (7.5% and 3.25% at December 31, 2022 and 2021, respectively) minus 1%, but not less than 3.25%. The line of credit was fully secured by a Board member and expired on December 17, 2021. On March 4, 2022, CureAlz entered into a renewal and modification agreement, extending the line of credit. The line of credit was set to expire on January 17, 2023. On December 22, 2022, CureAlz terminated the agreement without penalty.

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Time Restrictions:		
Pledges receivable	\$ 1,811,329	\$ 1,496,905
Purpose Restrictions:		
Gomez-Isla	100,000	-
APOE Research	250,000	-
Orr project	-	219,656
African American population research	<u>-</u>	<u>167,568</u>
Total net assets with donor restrictions	<u>\$ 2,161,329</u>	<u>\$ 1,884,129</u>

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

*Gomez-Isla*

The Gomez-Isla project is an investigation of molecular mechanisms that enable some individuals to preserve cognitive health despite the presence of Alzheimer's pathology.

*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.

*Orr Project*

The Orr project will study aspects of age and diet of animals with the intent to elucidate why age and metabolic syndrome are risk factors for Alzheimer's disease and whether tau-focused therapeutics might be effective as preventative strategies for neuronal preservation.

*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.

**10. Contributed Assets**

***Contributed Non-financial Assets***

For the year ended December 31, 2022, CureAlz received a contribution of the free use of a facility for a special event. The fair value of this contribution, totaling \$58,806 based on the donor's rental cost of the space, has been recorded as contribution revenue and special events expense in the accompanying 2022 statement of activities.

***Donated Stock***

CureAlz received donated stock valued at \$5,919,199 and \$5,161,866 for the years ended December 31, 2022 and December 31, 2021, respectively.

**11. Commitments and Contingencies**

***Research Distributions***

As of December 31, 2022, CureAlz is committed to research distributions of approximately \$15,053,100, provided recipients meet certain milestones, as defined, through December 31, 2025.

**ALZHEIMER'S DISEASE RESEARCH FOUNDATION  
D/B/A CURE ALZHEIMER'S FUND  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2022 and 2021**

The following is a summary of future approximate committed research distributions:

2023		\$ 13,510,200
2024		1,417,900
2025		<u>125,000</u>
		<u>\$ 15,053,100</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 \$98,600 and \$85,900 were made to the plan during the years ended December 31, 2022 and 2021, respectively.

**12. Related Party Transactions**

Board members/founders of CureAlz and their respective foundations contributed approximately \$4,087,600 and \$6,331,900 for the years ended December 31, 2022 and 2021, respectively, which is included in contributions without donor 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 \$297,600 and \$121,400 for these services for the years ended December 31, 2022 and 2021, respectively.

**13. 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 one financial institution. The balance at the institution is insured by the Federal Deposit Insurance Corporation up to \$250,000 and Securities Investor Protection Corporation up to \$250,000. The account balances, at times, may exceed the insured limits. Cash balances in excess of \$250,000 are generally uninsured.

At December 31, 2022 and 2021, 92% and 97%, respectively, 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**  
**D/B/A CURE ALZHEIMER'S FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**



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 changes could materially affect investment balances and activity included in the financial statements.

**14. Reconciliation to the Form 990**

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

	<u>2022</u>	<u>2021</u>
Revenue and support:		
Without donor restrictions	\$ 40,563,579	\$ 28,807,416
With donor restrictions	277,200	(2,237,133)
Revenue and support per financial statements	<u>40,840,779</u>	<u>26,570,283</u>
Add (Less):		
Investment fees	30,344	40
Unrealized (gain) loss on investments	<u>(162,878)</u>	<u>2,404</u>
Total revenue per Form 990, Page 1, Line 12	<u>\$ 40,708,245</u>	<u>\$ 26,572,727</u>
Expenses:		
Program	\$ 27,887,116	\$ 20,681,646
Management and general	1,032,769	1,009,657
Fundraising	1,662,785	1,473,932
Expenses per financial statements	<u>30,582,670</u>	<u>23,165,235</u>
Add (Less):		
Investment fees	<u>30,344</u>	<u>40</u>
Total expenses per Form 990, Page 1, Line 18	<u>\$ 30,613,014</u>	<u>\$ 23,165,275</u>