

**ALZHEIMER'S LOS ANGELES**



**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

## CONTENTS

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Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-19

## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Alzheimer's Los Angeles

### Opinion

We have audited the accompanying financial statements of Alzheimer's Los Angeles (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year 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 Alzheimer's Los Angeles as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 Alzheimer's Los Angeles and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Alzheimer's Los Angeles' ability to continue as a going concern within 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.

## INDEPENDENT AUDITORS' REPORT

continued

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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 Alzheimer's Los Angeles' 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 Alzheimer's Los Angeles' 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.

### **Other Matter**

#### *Report on Summarized Comparative Information*

We have previously audited Alzheimer's Los Angeles' 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of Alzheimer's Los Angeles' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alzheimer's Los Angeles' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alzheimer's Los Angeles' internal control over financial reporting and compliance.

*Harrington Group*

Pasadena, California  
October 26, 2022

## ALZHEIMER'S LOS ANGELES

### STATEMENT OF FINANCIAL POSITION

June 30, 2022

With comparative totals at June 30, 2021

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,550,410	\$ 744,624
Grants receivable - government, state, and federal	344,814	380,307
Grants receivable - other	13,068	253,106
Other receivables	99,464	28,575
Accrued interest	25,488	18,524
Pledges receivable (Note 4)	787,771	1,305,000
Investments (Note 5)	7,876,487	5,994,823
Prepaid expenses	238,152	165,032
Land held for investment	5,000	5,000
Property and equipment - net (Note 7)	204,748	271,549
	<b>\$ 11,145,402</b>	<b>\$ 9,166,540</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 97,488	\$ 128,345
Accrued liabilities (Note 8)	643,207	642,746
Deferred grant revenue (Note 2)	32,351	133,119
Note payable (Note 9)	-	794,468
	<b>773,046</b>	<b>1,698,678</b>
<b>NET ASSETS</b>		
Without donor restrictions	7,641,302	5,057,773
With donor restrictions (Note 11)	2,731,054	2,410,089
	<b>10,372,356</b>	<b>7,467,862</b>
	<b>\$ 11,145,402</b>	<b>\$ 9,166,540</b>

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

## ALZHEIMER'S LOS ANGELES

### STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions	\$ 5,998,693	\$ 1,050,643	\$ 7,049,336	\$ 2,877,685
Government grants (Note 12)	1,239,147		1,239,147	1,246,522
Special events	254,850	768,181	1,023,031	776,818
Gifts in kind	598,000		598,000	688,000
Other	48,095		48,095	32,243
Program service and educational workshop fees	9,067		9,067	12,524
Sales of merchandise, net of direct expenses of \$0 and \$0, respectively	338		338	100
(Loss) on disposal of property and equipment			-	(12,451)
Net assets released from restrictions (Note 11)	1,497,859	(1,497,859)	-	-
	<b>9,646,049</b>	<b>320,965</b>	<b>9,967,014</b>	<b>5,621,441</b>
<b>EXPENSES</b>				
Program services	5,268,853		5,268,853	4,729,074
Support services	1,676,764		1,676,764	1,459,991
	<b>6,945,617</b>	-	<b>6,945,617</b>	<b>6,189,065</b>
<b>OTHER CHANGES</b>				
Investment (loss) income - net (Note 5)	(911,371)		(911,371)	755,799
Forgiveness of paycheck protection program loan (Note 9)	794,468		794,468	742,115
	<b>(116,903)</b>	-	<b>(116,903)</b>	<b>1,497,914</b>
<b>CHANGE IN NET ASSETS</b>	2,583,529	320,965	2,904,494	930,290
<b>NET ASSETS, BEGINNING OF YEAR</b>	5,057,773	2,410,089	7,467,862	6,537,572
<b>NET ASSETS, END OF YEAR</b>	\$ 7,641,302	\$ 2,731,054	\$ 10,372,356	\$ 7,467,862

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

## ALZHEIMER'S LOS ANGELES

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	Program Services					Total Program Services
	Family Education and Services	Professional Training	Public Policy	Public Awareness	Research	
Salaries	\$ 1,571,379	\$ 294,222	\$ 292,633	\$ 411,902	\$ 7,521	\$ 2,577,657
Payroll taxes and employee benefits	331,707	61,878	62,409	86,581	1,553	544,128
Total personnel costs	1,903,086	356,100	355,042	498,483	9,074	3,121,785
Printing and publications	31,014	168	3,123	721,805		756,110
Occupancy, utilities, and insurance	223,633	29,054	27,317	51,256	633	331,893
Conference, conventions, and meetings	10,936	2,092	5,845	123,189	4	142,066
Grants and allocations	202,854	97,487	8,040	15,315	75,000	398,696
Contract labor	105,609	5,697	5,168	24,186	51	140,711
Equipment rental and maintenance	67,727	6,372	11,397	23,493	57	109,046
Telephone	57,532	8,255	7,518	11,081	74	84,460
Staff recruitment	84,185	693		249		85,127
Depreciation and amortization	40,922	5,948	5,408	8,020	53	60,351
Interest and bank charges						-
Postage and shipping	2,507	89		11,789		14,385
Office and other supplies	5,933	3,784	401	1,058	3	11,179
Travel	5,806	1,306	170	1,141		8,423
Miscellaneous	2,015			1,718		3,733
Taxes and licenses	338					338
Cost of books and materials sold				550		550
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 2,744,097</b>	<b>\$ 517,045</b>	<b>\$ 429,429</b>	<b>\$ 1,493,333</b>	<b>\$ 84,949</b>	<b>\$ 5,268,853</b>
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 2,468,512	\$ 427,958	\$ 423,814	\$ 1,308,773	\$ 100,017	\$ 4,729,074

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

## ALZHEIMER'S LOS ANGELES

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

continued

	Support Services		Total Support Services	Total Expenses	
	Management and General	Fundraising		2022	2021
Salaries	\$ 219,216	\$ 614,625	\$ 833,841	\$ 3,411,498	\$ 3,012,205
Payroll taxes and employee benefits	46,576	128,529	175,105	719,233	760,149
Total personnel costs	<u>265,792</u>	<u>743,154</u>	<u>1,008,946</u>	<u>4,130,731</u>	<u>3,772,354</u>
Printing and publications	1,263	52,231	53,494	809,604	870,134
Occupancy, utilities, and insurance	21,850	62,099	83,949	415,842	429,119
Conference, conventions, and meetings	1,072	267,896	268,968	411,034	170,357
Grants and allocations			-	398,696	388,540
Contract labor	42,762	82,390	125,152	265,863	167,287
Equipment rental and maintenance	9,849	40,135	49,984	159,030	148,980
Telephone	6,216	15,256	21,472	105,932	113,055
Staff recruitment	145	98	243	85,370	1,984
Depreciation and amortization	4,407	10,547	14,954	75,305	59,076
Interest and bank charges		26,130	26,130	26,130	26,428
Postage and shipping	866	9,505	10,371	24,756	22,380
Office and other supplies	1,988	2,349	4,337	15,516	8,161
Travel	1,869	2,965	4,834	13,257	1,445
Miscellaneous	3,588	1	3,589	7,322	6,025
Taxes and licenses		330	330	668	3,740
Cost of books and materials sold		11	11	561	-
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<u><b>\$ 361,667</b></u>	<u><b>\$ 1,315,097</b></u>	<u><b>\$ 1,676,764</b></u>	<u><b>\$ 6,945,617</b></u>	
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<u><b>\$ 362,236</b></u>	<u><b>\$ 1,097,755</b></u>	<u><b>\$ 1,459,991</b></u>		<u><b>\$ 6,189,065</b></u>

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



**ALZHEIMER'S LOS ANGELES**

STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,904,494	\$ 930,290
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	75,305	59,076
Loss on disposal of property and equipment	-	12,451
Forgiveness of paycheck protection program loan	(794,468)	(742,115)
Loss (gain) on investments	1,095,081	(674,077)
(Increase) decrease in operating assets:		
Grants receivable	275,531	92,391
Other receivables	(70,889)	(18,803)
Accrued interest	(6,964)	(9,452)
Pledges receivable	517,229	762,500
Prepaid expenses	(73,120)	(15,735)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(30,396)	87,807
Deferred revenue	(100,768)	(76,862)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,791,035</b>	<b>407,471</b>
<b>CASH FLOWS TO INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	200,001	250,000
Purchase of investments	(3,000,000)	(1,970,976)
Interest and dividend income reinvested	(176,746)	(72,270)
Purchase of property and equipment	(8,504)	(89,435)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(2,985,249)</b>	<b>(1,882,681)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan	-	794,468
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>794,468</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>805,786</b>	<b>(680,742)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>744,624</b>	<b>1,425,366</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,550,410</b>	<b>\$ 744,624</b>

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

# ALZHEIMER'S LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 1. **Organization**

Alzheimer's Los Angeles' ("ALZLA") mission is to improve the lives of local families affected by Alzheimer's and dementia by increasing awareness, delivering effective programs and services, providing compassionate support, advocating for quality care and a cure, and supporting local research. 100% of all money raised stays local, allowing us to provide free care and support to the community we serve in Los Angeles.

#### **Covid-19 Impact**

During the covid crisis, ALZLA has responded to calls from many highly distressed caregivers. In the best of times, these family caregivers were coping with the burden of 24-hour-a-day care. With social distancing requirements that increase their isolation, many have suffered from heightened depression, anxiety, and insomnia and they need even more emotional support and education about how to manage their patient's symptoms.

In mid-March 2020, ALZLA adapted their service delivery methods. ALZLA is relying on technology to offer support groups, caregiver training, community education, patient activity programs, crisis counseling, and other forms of assistance. ALZLA deploys a hybrid work model which enables employees to make personal choices about working arrangements that accommodate their job requirements and their personal circumstances as public health concerns ebb and flow. All employees have been provided with all the equipment and furniture they require to effectively work from home, and service delivery is made available through technologies that allow for the health and safety of the most vulnerable in our community who are more in need of support than ever. In-person services have been resumed but it is expected that service delivery electronically will be a permanent part of the ALZLA operating model.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

# ALZHEIMER'S LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**With Donor Restrictions.** Net assets are subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Cash and Cash Equivalents

ALZLA has defined cash and cash equivalents as highly-liquid investments with maturities of three months or less when purchased, and not held for investment purposes.

#### Grants and Pledges Receivable

Grants receivable and unconditional pledges are reported as assets and as revenues or gains in the period in which the grant or pledge is received. An allowance for uncollectible grants and pledges is recorded based on an analysis of collection histories and on a review of the credit worthiness of grantors and donors. Based on management's estimate, no allowance for doubtful grants or pledges was recorded for the year ended June 30, 2022. The effective interest rate for the discount on receivables due in more than one year is based on market interest rates in effect at the time of the pledges. The market rates during the 2022 year were nominal: no discounts were recognized on pledges made during the current year ended June 30, 2022.

#### Accounts Receivable

ALZLA uses the allowance method in order to reserve for potentially uncollectible accounts receivable.

continued

# ALZHEIMER'S LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Investments

ALZLA values its investments at fair value based on quoted market prices. Realized and unrealized gains and losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as investment income. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

#### Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

ALZLA is required to measure certain investments and in-kind contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

#### Concentration of Credit Risk

Financial instruments, which potentially subject ALZLA to a concentration of credit risk, consist of cash, and accounts and grants receivable.

ALZLA maintains its cash balances at American Business Bank. These accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) or are backed by a federal state government agency. At times, cash balances may exceed FDIC insurance limits. ALZLA has not experienced any losses in such accounts and believes that they are not exposed to any significant credit risk to cash and cash equivalents.

The risk with respect to accounts and grants receivable is considered low because they are from established governmental programs or from major charities, corporations and foundations.

#### Property and Equipment

Property and equipment are recorded at cost if purchased, or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than five years.

continued

## ALZHEIMER'S LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### **Donated Materials and Services**

Non-cash contributions of materials are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of non-cash services that create or enhance non-financial assets or that require specialized skills are recorded at fair value in the period received. These services are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, hence they are recorded at fair value in the period received. For the year ended June 30, 2022, ALZLA received \$598,000 of donated advertising services used to build awareness, which met the criteria for recognition. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Management estimates that 169 volunteers have donated in excess of 1,700 hours answering help-line telephones, assisting with special events and providing other non-specialized administrative services. However, since there is no objective basis for measuring and valuing these services, they are not reflected in the accompanying financial statements.

##### **Income Taxes**

ALZLA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all the positions taken by ALZLA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. ALZLA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

##### **Functional Allocation of Expenses**

Costs of providing ALZLA's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. ALZLA uses a combination of relative square footage and salary costs to allocate indirect costs.

## ALZHEIMER'S LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### 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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

##### Revenue and Revenue Recognition

ALZLA recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Consequently, on June 30, 2022, contributions approximating \$10,000, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met. Of the total conditional contributions, \$10,000 will be met by the end of the fiscal year ending June 30, 2023.

A portion of ALZLA's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ALZLA has incurred expenditures in compliance with a specific contract or grant provisions. Amounts received before incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. ALZLA received cost-reimbursable grants of \$22,351 that have not been recognized on June 30, 2022 because qualifying expenditures have not yet been incurred, with an advance payment of \$22,351 recognized in the statement of financial position as deferred revenue, and was not recognized in the statement of activities.

continued

## ALZHEIMER'S LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 2. Summary of Significant Accounting Policies, continued

##### Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ALZLA's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

##### Subsequent Events

Management has evaluated subsequent events through October 26, 2022, the date which the financial statements were available for issue. No events or transactions have occurred during this period that require recognition or disclosure in the financial statements.

#### 3. Liquidity and Availability of Resources

ALZLA defines general expenditures to include expenses from all functional categories and from all funds. ALZLA receives as much as \$1 million of contributions each year that are broadly restricted to family and education services, which include the vast majority of all program expenses. Therefore, significant balances of restricted assets are used to meet current obligations.

As of June 30, 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial assets at year ended June 30, 2022:

Investments, gross	\$ 7,876,487
Cash and cash equivalents	1,550,410
Pledges receivable	787,771
Other receivables	99,464
Total financial assets	<u>10,314,132</u>
Less amounts not available to be used in operations:	
Pledges with liquidity horizons greater than one year	(255,000)
Net assets with time restrictions – Edelman Estate (Note 11)	<u>(700,000)</u>
	<u>(955,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,359,132</u>

continued

# ALZHEIMER'S LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 4. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. Management has deemed these pledges collectible. Accordingly, no allowance for doubtful accounts has been established for uncollectible pledges. The discount is immaterial to the financial statements, therefore, not recorded. Lastly, all pledges are valued at their estimated fair value at June 30, 2022. Total amount of pledges receivable at June 30, 2022, of \$787,771 is expected to be collected as follows:

<u>Year ending June 30,</u>	
2023	\$532,771
2024	250,000
2025	<u>5,000</u>
Pledges receivable at June 30, 2022	<u>\$787,771</u>
Pledges receivable	
With donor restrictions to programs and services	<u>\$ 87,500</u>
Without donor restrictions	<u>\$700,271</u>

### 5. Investments

Investments at June 30, 2022 consist of the following:

Cash and cash equivalents	\$ 189,264
Fixed income	
Corporate bonds	2,692,017
U.S. treasuries	1,369,320
Equities	3,221,934
Exchange traded funds	342,680
Other assets	<u>61,272</u>
Total investments	<u>\$7,876,487</u>

These amounts are not necessarily indicative of the amounts ALZLA could realize in a current market exchange. ALZLA's investment portfolio is actively managed by professional investment advisers. The investment advisers routinely sell and purchase investments to achieve the desired portfolio mix and holdings.

The investment returns and (losses) for the year ended June 30, 2022 consist of the following:

Interest and dividend income	\$ 176,746
Realized (loss) - net	(84,886)
Change in value of investments	<u>(943,718)</u>
	(851,858)
Investment expenses	<u>(59,513)</u>
Net investment (loss)	<u>\$ (911,371)</u>

continued



## ALZHEIMER'S LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2022 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds	\$2,692,017	\$ -	\$ -	\$2,692,017
U.S. treasuries	1,369,320			1,369,320
Equities	3,221,934			3,221,934
Exchange traded funds	342,680			342,680
Other assets	<u>61,272</u>	<u>          </u>	<u>          </u>	<u>61,272</u>
	<u>\$7,687,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,687,223</u>

The fair values of fixed income, equities, exchange traded funds, and other assets have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	<u>\$ -</u>	<u>\$598,000</u>	<u>\$ -</u>	<u>\$598,000</u>

The fair value of donated services has been measured on a non-recurring basis using quoted prices for similar services in active markets (Level 2 inputs).

#### 7. Property and Equipment

Property and equipment at June 30, 2022 consist of the following:

Office equipment	\$ 266,492
Branding, trademarks, and copyrights	232,345
Furniture and fixtures	30,637
Leasehold improvements	<u>13,404</u>
	542,878
Less: accumulated depreciation	<u>(338,130)</u>
	<u>\$ 204,748</u>

Depreciation expense for the year ended June 30, 2022 was \$75,305.

continued

## ALZHEIMER'S LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 8. Accrued Liabilities

Accrued liabilities at June 30, 2022 consist of the following:

Accrued vacation	\$284,414
Accrued payroll including taxes & retirement plan contribution	205,654
Accrued rent	97,320
Other	<u>55,819</u>
	<u>\$643,207</u>

#### 9. Paycheck Protection Program

In February 2021, ALZLA received a second draw in the amount of \$794,468 under the Paycheck Protection Program ("PPP"). The terms of the funding agreement indicate that in order to qualify for loan forgiveness ALZLA must utilize the proceeds to fund/offset qualifying expenses over a twenty-four-week period. The terms of the agreement specified that ALZLA must repay the principal of the loan back plus interest, which accrues at 1% semi-annually, matures in two years (\$794,468 times 1% = \$7,945 times 2 years = \$15,890 total interest expense).

ALZLA accounted for the loan funding as a conditional grant under FASB ASC 958-605. Proceeds from the PPP loan for the year ended June 30, 2021 were \$794,468. The use of the loan proceeds met the conditions for forgiveness of the loan, as a result, in January 2022, the PPP loan forgiveness application was approved by the U.S. Small Business Administration ("SBA"). The amount forgiven was recognized as other changes to net assets in the statement of activities.

The SBA reserves the right to review any loan in their discretion and the SBA will review a loan of any size at any time. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation is to be retained for six years after the date the loan is forgiven or repaid in full.

## ALZHEIMER'S LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 10. Commitments and Contract Contingencies

##### Obligations Under Operating Leases

ALZLA leases office space under operating leases. Future minimum payments, by year and in aggregate, under these leases consist of the following:

<u>Year ending June 30,</u>	
2023	\$380,535
2024	406,342
2025	<u>64,040</u>
Total obligations	<u>\$850,917</u>

Rent and other operating lease expenses for the year ended June 30, 2022 were \$415,842.

##### Contracts

ALZLA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, ALZLA has made no provision for the possible disallowance of program costs on its financial statements.

##### Risks

ALZLA invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Market risks include global events which could impact the value of investments securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that change in the values of investments securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

# ALZHEIMER'S LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 11. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 consist of the following:

For purpose restrictions:

Family education and services	\$1,411,913
Research	553,324
Professional training	<u>65,817</u>
	2,031,054

Restricted by time:

Assets required to be held until June 30, 2023	<u>700,000</u>
	<u>\$2,731,054</u>

For the year ended June 30, 2022, net assets released from time and purpose restrictions were \$1,497,859.

### 12. Revenue from Government Agencies

Government grants for the year ended June 30, 2022 consist of the following:

Senior Services	\$ 975,215
Dementia Caregiver Support Project	217,191
Geriatrics Workforce Enhancement	25,000
Coordinated Care	<u>21,741</u>
	<u>\$1,239,147</u>

Senior services revenue consists of federal, counties, and city funds that contractually require matching amounts from ALZLA. The breakdown of the \$975,215 and \$364,972 of matching amounts that derive from contributions, is as follows:

<u>Agency</u>	<u>Senior Services</u>	<u>Match</u>	<u>Total Costs</u>
City of Los Angeles	\$175,917	\$ 60,799	\$ 236,716
City of Los Angeles Cares Act	125,664		125,664
Administration for community living	654,657	291,907	946,564
Others	<u>18,977</u>	<u>12,266</u>	<u>31,243</u>
	<u>\$975,215</u>	<u>\$364,972</u>	<u>\$1,340,187</u>

continued

## ALZHEIMER'S LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 13. Trust Income

ALZLA receives distributions of income from the Sally Gail Lindsey Trust ("the Trust"). In 2009, upon Ms. Lindsey's death, ALZLA became sole beneficiary of the Trust, and as such is entitled to distributions of income from the Trust as long as ALZLA remains in existence. The Trust agreement does not include any provisions for amendments subsequent to Ms. Lindsey's passing, and the Trustee (Key Bank of Cleveland, Ohio) has been instructed to hold and administer the property of the Trust as a single fund for the benefit of ALZLA, distributing all of the net income of the Trust to ALZLA in quarterly or more frequent intervals. A total of \$1,608,214 was received by ALZLA for the year ended June 30, 2022.

#### 14. Joint Costs

ALZLA achieves some of its programmatic goals through direct mail and awareness events that include request for contributions. The costs of conducting the events during the year ended June 30, 2022, includes joint costs of \$511,125, respectively, that are not directly attributable to either the program or the fund-raising component of the activities. The costs were allocated as follow:

Public awareness	\$423,421
Fundraising	<u>87,704</u>
Total	<u>\$511,125</u>

#### 15. Employee Benefit Plans

ALZLA maintains a defined contribution retirement plan which covers substantially all employees meeting minimum service requirements. Employees may make voluntary contributions up to 25% of their salaries. ALZLA makes matching employer contributions of between one and five percent of salary based on employee elections. Employer contributions to the plan were \$160,242 for the year ended June 30, 2022.

ALZLA also maintains a defined contribution plan which suspended employer contributions as of November 1, 2008.