



ALZHEIMER'S LOS ANGELES



FINANCIAL STATEMENTS

JUNE 30, 2024

A Trusted Nonprofit Partner

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INDEPENDENT AUDITORS' REPORT

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, 2024, 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, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government Auditing* 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.

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INDEPENDENT AUDITORS' REPORT

continued

In performing an audit in accordance with generally accepted auditing standards and *Government 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' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 22, 2024, 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 22, 2024

ALZHEIMER'S LOS ANGELES

STATEMENT OF FINANCIAL POSITION

June 30, 2024

With comparative totals at June 30, 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 303,677	\$ 527,906
Grants receivable - government, state, and federal	564,835	598,494
Grants receivable - other	45,000	-
Other receivables	82,889	107,744
Accrued interest	27,219	26,704
Pledges receivable (Note 4)	1,119,346	984,759
Investments (Note 5)	8,182,429	8,972,199
Prepaid expenses	149,990	124,888
Land held for investment	5,000	5,000
Right-of-use assets - operating leases (Note 9)	52,987	350,879
Property and equipment - net (Note 7)	250,674	300,225
	\$ 10,784,046	\$ 11,998,798
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 120,799	\$ 287,376
Accrued liabilities (Note 8)	523,613	511,931
Deferred grant revenue (Note 2)	244,371	56,023
Lease liabilities - operating leases (Note 9)	63,296	421,177
	952,079	1,276,507
NET ASSETS		
Without donor restrictions	8,245,526	9,075,402
With donor restrictions (Note 11)	1,586,441	1,646,889
	9,831,967	10,722,291
	\$ 10,784,046	\$ 11,998,798

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

ALZHEIMER'S LOS ANGELES

STATEMENT OF ACTIVITIES
 For the year ended June 30, 2024
 With comparative totals for the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 2,609,023	\$ 1,082,374	\$ 3,691,397	\$ 4,236,698
Government grants (Note 12)	1,759,435		1,759,435	1,410,932
Special events	286,333	851,336	1,137,669	1,200,212
Gifts in kind	1,020,000		1,020,000	987,000
Other	40,577		40,577	43,849
Program service and educational workshop fees	13,666		13,666	54,473
Sales of merchandise	1,064		1,064	620
Net assets released from restrictions (Note 11)	1,994,158	(1,994,158)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	7,724,256	(60,448)	7,663,808	7,933,784
EXPENSES				
Program services	7,837,967		7,837,967	6,560,851
Support services	1,826,293		1,826,293	1,719,926
TOTAL EXPENSES	9,664,260	-	9,664,260	8,280,777
OTHER CHANGES				
Investment gain - net (Note 5)	1,110,128		1,110,128	696,928
CHANGE IN NET ASSETS	(829,876)	(60,448)	(890,324)	349,935
NET ASSETS, BEGINNING OF YEAR	9,075,402	1,646,889	10,722,291	10,372,356
NET ASSETS, END OF YEAR	\$ 8,245,526	\$ 1,586,441	\$ 9,831,967	\$ 10,722,291

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, 2024

With comparative totals for the year ended June 30, 2023

	Program Services					Total Program Services
	Family Education and Services	Professional Training	Public Policy	Public Awareness	Research	
Salaries	\$ 2,229,091	\$ 539,770	\$ 284,646	\$ 602,784	\$ -	\$ 3,656,291
Payroll taxes and employee benefits	447,932	104,555	55,415	120,081		727,983
Total personnel costs	<u>2,677,023</u>	<u>644,325</u>	<u>340,061</u>	<u>722,865</u>	-	<u>4,384,274</u>
Printing and publications	207,312	18,951		1,111,321		1,337,584
Grants and allocations	574,331	68,688	9,040	641	75,000	727,700
Conferences, conventions and meetings	91,110	1,898	6,550	188,686		288,244
Contract labor	255,246	97,807	2,947	10,154		366,154
Occupancy, utilities, and insurance	242,740	37,713	18,579	46,549		345,581
Equipment rental and maintenance	108,207	15,446	7,469	28,354		159,476
Telephone	59,318	8,721	4,296	10,247		82,582
Depreciation and amortization	54,214	9,725	4,802	11,766		80,507
Travel	24,488	3,234	782	1,150		29,654
Postage and shipping	5,245	2		13,506		18,753
Interest and bank charges						-
Office and other supplies	7,132	2,359	262	598		10,351
Miscellaneous	4,626			264		4,890
Taxes and licenses	1,317	118	67	234		1,736
Staff recruitment	392	89				481
TOTAL 2024 FUNCTIONAL EXPENSES	<u>\$ 4,312,701</u>	<u>\$ 909,076</u>	<u>\$ 394,855</u>	<u>\$ 2,146,335</u>	<u>\$ 75,000</u>	<u>\$ 7,837,967</u>
TOTAL 2023 FUNCTIONAL EXPENSES	<u>\$ 3,537,985</u>	<u>\$ 521,044</u>	<u>\$ 353,512</u>	<u>\$ 2,073,310</u>	<u>\$ 75,000</u>	<u>\$ 6,560,851</u>

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, 2024

With comparative totals for the year ended June 30, 2023

continued

	<u>Support Services</u>		<u>Total Support Services</u>	<u>Total Expenses</u>	
	<u>Management and General</u>	<u>Fundraising</u>		<u>2024</u>	<u>2023</u>
Salaries	\$ 193,381	\$ 738,596	\$ 931,977	\$ 4,588,268	\$ 3,936,068
Payroll taxes and employee benefits	37,721	142,820	180,541	908,524	775,131
Total personnel costs	<u>231,102</u>	<u>881,416</u>	<u>1,112,518</u>	<u>5,496,792</u>	<u>4,711,199</u>
Printing and publications	1,473	68,396	69,869	1,407,453	1,273,784
Grants and allocations			-	727,700	291,672
Conferences, conventions and meetings	2,029	363,812	365,841	654,085	524,861
Contract labor	42,697	7,874	50,571	416,725	596,763
Occupancy, utilities, and insurance	13,122	51,447	64,569	410,150	415,503
Equipment rental and maintenance	8,124	43,845	51,969	211,445	189,817
Telephone	3,108	11,396	14,504	97,086	91,691
Depreciation and amortization	3,432	12,213	15,645	96,152	65,652
Travel	2,081	23,106	25,187	54,841	35,602
Postage and shipping	1,061	15,419	16,480	35,233	30,218
Interest and bank charges		31,298	31,298	31,298	27,055
Office and other supplies	1,641	1,159	2,800	13,151	12,037
Miscellaneous	1,748	1,464	3,212	8,102	10,503
Taxes and licenses	74	584	658	2,394	2,271
Staff recruitment	425	747	1,172	1,653	2,149
TOTAL 2024 FUNCTIONAL EXPENSES	<u><u>\$ 312,117</u></u>	<u><u>\$ 1,514,176</u></u>	<u><u>\$ 1,826,293</u></u>	<u><u>\$ 9,664,260</u></u>	
TOTAL 2023 FUNCTIONAL EXPENSES	<u><u>\$ 330,753</u></u>	<u><u>\$ 1,389,173</u></u>	<u><u>\$ 1,719,926</u></u>		<u><u>\$ 8,280,777</u></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, 2024

With comparative totals for the year ended June 30, 2023

	2024	2023
CASH FLOWS (TO) OPERATING ACTIVITIES:		
Change in net assets	\$ (890,324)	\$ 349,935
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	96,152	65,652
(Gain) on investments	(902,568)	(485,562)
(Increase) decrease in operating assets:		
Grants receivable	(11,341)	(240,612)
Other receivables	24,855	(8,280)
Accrued interest	(515)	(1,216)
Pledges receivable	(134,587)	(196,988)
Prepaid expenses	(25,102)	113,264
Amortization of right-of-use assets - operating leases	297,892	328,456
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(154,895)	58,612
Deferred grant revenue	188,348	23,672
Reduction of operating lease liabilities	(357,881)	(258,158)
NET CASH (USED) BY OPERATING ACTIVITIES	(1,869,966)	(251,225)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Proceeds from sale of investments	2,500,000	1,600,000
Purchase of investments	(600,617)	(2,000,000)
Interest and dividend income reinvested	(207,045)	(210,150)
Purchase of property and equipment	(46,601)	(161,129)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,645,737	(771,279)
NET (DECREASE) IN CASH	(224,229)	(1,022,504)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	527,906	1,550,410
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 303,677	\$ 527,906
SUPPLEMENTAL DISCLOSURE:		
Interest paid	\$ 31,298	\$ 27,055
Non-cash operating and financing activity:		
Right-of-use assets/liabilities from adoption of ASC 842	\$ -	\$ 679,335

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

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

1. Organization

Alzheimer's Los Angeles' ("ALZLA") mission is to improve the lives of local families affected by Alzheimer's and other dementias by increasing awareness, delivering effective programs and services, providing compassionate support, advocating for quality care and a cure, and supporting local research. 100% of money raised funds free care and services delivered in the Los Angeles Community.

Service Model

ALZLA delivers in-person services in our offices and the premises of community partners' facilities. This traditional approach is augmented by electronic service delivery which has made it possible to reach many new clients whose caregiving duties make it difficult to travel to receive services in person. This service delivery methodology allows ALZLA to deploy a hybrid work model in which employees can make personal choices about working arrangements that accommodate their job requirements and their personal circumstances.

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.

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.

continued

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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 creditworthiness of grantors and donors. Based on management's estimate, no allowance for doubtful grants or pledges was recorded for the year ended June 30, 2024. 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. During the year ended June 30, 2024 three new multi-year pledges were received. On September 16, 2023, a \$100,000 pledge to be paid over five years was received from Karen and Mark Liberman. As of that date, the interest rate on a ten-year U.S. Treasury Note was 4.32%. Therefore, this discount rate was used to calculate the present value of \$93,958 which was recorded as the amount of Liberman's pledge. On November 15, 2023, a \$100,000 pledge to be paid over five years was received from the Erwin Rautenberg Foundation. As of that date, the interest rate on a ten-year U.S. Treasury Note was 4.53%. Therefore, this discount rate was used to calculate the present value of \$93,685 which was recorded as the amount of the Erwin Rautenberg Foundation pledge. On February 27, 2024, a \$75,000 pledge to be paid over three years was received from Alfred E. Mann Charities. As of that date, the interest rate on a ten-year U.S. Treasury Note was 4.31%. Therefore, this discount rate was used to calculate the present value of \$71,944 which was recorded as the amount of Alfred E. Mann Charities.

Accounts Receivable

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

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 gain - net. 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

continued

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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 and/or state government agency. At times, cash balances may exceed FDIC insurance limits.

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.

ALZLA did not experience any credit losses for the year ended June 30, 2024.

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.

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, 2024, ALZLA received \$1,020,000 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 124 volunteers have donated in excess of 1,687 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.

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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.

Leases

ALZLA applies Accounting Standards Codification ("ASC") 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period of time in excess of twelve months in exchange for consideration. ALZLA defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. ALZLA further determined some existing leases are operating leases, which are included in Right-of-Use ("ROU") assets and lease liabilities in the Statement of Financial Position.

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

As of June 30, 2024, contributions totaling \$99,196, which are part of the overall \$244,371 in conditional contributions, have not been recognized in the accompanying Statement of Activities because the conditions required for recognition have not yet been met. The full \$244,371 was expected to be recognized by June 30, 2025.

A portion of ALZLA's revenue is derived from cost-reimbursable federal and state contracts and grants. These are contingent upon meeting specific performance requirements or incurring allowable qualifying expenses. Revenue is recognized when ALZLA incurs expenditures that comply with the terms of the contract or grant. Amounts received prior to incurring qualifying expenditures are recorded as deferred revenue in the Statement of Financial Position.

Of the total \$244,371 in deferred grant revenue, ALZLA has received \$145,175 in cost-reimbursable grants that have not yet been recognized in the Organization's Statement of Activities, because the corresponding qualifying expenditures have not been incurred. This includes an advance payment of \$15,975 and accrued expenses of \$129,200, both recognized as deferred grant revenue in the Statement of Financial Position but not yet reflected in the Statement of Activities.

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, 2023, from which the summarized information was derived.

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, 2024, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

Financial assets at year ended June 30, 2024:

Investments, gross	\$ 8,182,429
Pledges receivable	1,119,346
Cash and cash equivalents	303,677
Other receivables	<u>692,724</u>
Total financial assets	<u>10,298,176</u>
Less amounts not available to be used in operations:	
Pledges with liquidity horizons greater than one year	<u>(649,782)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,648,394</u>

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. Lastly, all pledges are valued at their estimated fair value at June 30, 2024. Total amount of pledges receivable at June 30, 2024, of \$1,119,346 is expected to be collected as follows:

<u>Year ending June 30,</u>	
2025	\$ 469,564
2026	254,525
2027	222,842
2028	<u>172,415</u>
Pledges receivable at June 30, 2024	<u>\$1,119,346</u>
Pledges receivable	
With donor restrictions to programs and services	<u>\$315,902</u>
Without donor restrictions	<u>\$803,444</u>

continued

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

5. Investments

Investments at June 30, 2024 consist of the following:

Cash	\$ 304,101
Fixed income	
Corporate bonds	2,132,194
U.S. treasuries	1,228,606
Asset backed securities	399,089
Equities	3,927,254
Exchange traded funds	166,887
Other assets	<u>24,298</u>
Total investments	<u>\$8,182,429</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 for the year ended June 30, 2024 consist of the following:

Interest and dividend income	\$ 207,045
Realized gain - net	439,688
Change in value of investments	<u>520,139</u>
	1,166,872
Investment expenses	<u>(56,744)</u>
Net investment gain	<u>\$1,110,128</u>

6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2024 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
Corporate bonds	\$2,132,194	\$ -	\$ -	\$2,132,194
U.S. treasuries	1,228,606			1,228,606
Asset backed securities	399,089			399,089
Equities	3,927,254			3,927,254
Exchange traded funds	166,887			166,887
Other assets	<u>24,298</u>			<u>24,298</u>
	<u>\$7,878,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,878,328</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).

continued

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

6. Fair Value Measurements, continued

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	\$ _____ -	\$1,020,000	\$ _____ -	\$1,020,000

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, 2024 consist of the following:

Office equipment	\$ 456,563
Branding, trademarks, and copyrights	232,345
Furniture and fixtures	48,296
Leasehold improvements	<u>13,404</u>
	750,608
Less: accumulated depreciation	<u>(499,934)</u>
	<u>\$ 250,674</u>

Depreciation expense for the year ended June 30, 2024 was \$96,152.

8. Accrued Liabilities

Accrued liabilities at June 30, 2024 consist of the following:

Accrued vacation	\$374,130
Accrued payroll including taxes and retirement plan contribution	98,055
Other	<u>51,428</u>
	<u>\$523,613</u>

9. Right-of-Use Assets and Lease Liabilities - Operating Leases

ALZLA evaluated current contracts to determine which met the criteria of a lease. ROU assets represent ALZLA's right to use underlying assets for the lease term, and the lease liabilities represent ALZLA's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. ALZLA used the rate implicit in the lease. Lease terms, in the calculations, may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term.

continued

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

9. Right-of-Use Assets and Lease Liabilities - Operating Leases, continued

ALZLA's lease for the Wilshire office has \$64,040 of lease payments remaining, has no purchase option and expires in August of 2024, therefore it will be treated as a capitalizable operating lease. Using the 7.83% borrowing rate implicit in the lease, the present value of the remaining Wilshire lease payments as of July 1, 2024 was \$63,296.

The ROU assets and lease liabilities for these leases were determined based on the current terms in force as of June 30, 2024. No additional options have been included.

Cash paid for this operating lease for the year ended June 30, 2024 was \$382,377. There were no non-cash financing transactions related to leasing during the year ended June 30, 2024.

Future maturities under operating leases are as follows:

<u>Year ending June 30,</u>	
2025	\$ 64,040
Less: Present value discount	<u>(744)</u>
	<u>\$ 63,296</u>

Lease expense under operating leases for the year ended June 30, 2024 was \$363,032.

ALZLA entered into a new lease agreement for office space in July 2024 (Note 16).

10. Commitments and Contract Contingencies

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 investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investment securities may 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

11. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 consist of the following:

For purpose restrictions:

Family education and services	\$1,346,479
Professional training	237,502
Research	<u>2,460</u>
	<u>\$1,586,441</u>

For the year ended June 30, 2024, net assets released from time and purpose restrictions were \$1,994,158.

12. Revenue from Government Agencies

Government grants for the year ended June 30, 2024 consist of the following:

Senior Services	\$ 872,893
Dementia Caregiver Support Project	861,542
Geriatrics Workforce Enhancement	<u>25,000</u>
	<u>\$1,759,435</u>

Senior services revenue consists of federal, counties, and city funds that contractually require matching amounts from ALZLA. The breakdown of the \$872,893 and \$212,064 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	\$237,085	\$ 82,442	\$ 319,527
City of Los Angeles Cares Act	41,845	14,605	56,450
Administration for community living	459,001	104,417	563,418
Others	<u>134,962</u>	<u>10,600</u>	<u>145,562</u>
	<u>\$872,893</u>	<u>\$212,064</u>	<u>\$1,084,957</u>

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 \$1,272,364 was received by ALZLA for the year ended June 30, 2024.

continued

ALZHEIMER'S LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

14. Joint Costs

ALZLA achieves some of its programmatic goals through direct mail and awareness events that include requests for contributions. During the year ended June 30, 2024 the cost of these activities included joint costs of \$575,481, that are not directly attributable to either the program or the fundraising component of the activities. The costs were allocated as follow:

Public awareness	\$484,297
Fundraising	<u>91,184</u>
Total	<u>\$575,481</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 \$193,845 for the year ended June 30, 2024.

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

16. Subsequent Events

In July 2024, ALZLA entered into a new lease agreement for office space, located in Los Angeles. The lease has an initial term of 10 years and 8 months with monthly rental payments of \$26,046 with annual increases of 3% with an option to extend for an additional 5 years. ALZLA will take possession upon completion of the office build out in the first half of calendar 2025.

ALZLA is in the process of evaluating the impact of this lease under the provisions of ASC 842, *Leases*, which requires the recognition of a ROU assets and lease liabilities on the Statement of Financial Position. While the lease will be accounted for in the following fiscal period, this new obligation is not expected to materially affect the financial position or liquidity of ALZLA.

Management has evaluated subsequent events through October 22, 2024, the date which the financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that require recognition or disclosure in the financial statements.