



**Consolidated Financial Statements and Report of
Independent Certified Public Accountants**

Alzheimer's Association

June 30, 2017

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Statement of financial position	5
Statement of activities	6
Statement of functional expenses	7
Statement of cash flows	8
Notes to consolidated financial statements	9
Supplementary information	
Report of Independent Certified Public Accountants on Supplementary Information	25
Consolidating statement of financial position	26
Consolidating statement of activities	27
Comparative statements of financial position	35
Comparative statements of activities	36



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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**Board of Directors
Alzheimer's Association**

Report on the financial statements

We have audited the accompanying consolidated financial statements of Alzheimer's Association and affiliates (together, the Association), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Association and affiliates as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Chicago, Illinois
December 13, 2017

Alzheimer's Association
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2017
(In thousands)

ASSETS	
Cash and cash equivalents	\$ 58,480
Pledges receivable, net	54,926
Other receivables	10,526
Inventories of education materials, at cost	886
Investments	160,430
Prepaid expenses	8,571
Assets held in trust	231
Fixed assets, net	17,899
Beneficial interest in split-interest agreements	7,042
Beneficial interest in perpetual trusts	25,706
Other assets	891
	<u>891</u>
TOTAL ASSETS	\$345,588

LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 5,080
Grants payable, net	37,214
Deferred compensation payable	831
Accrued expenses and other liabilities	19,093
Self-insurance reserve	1,189
Gift annuity obligations	4,414
Deferred revenue	5,807
Deferred rent	3,512
	<u>3,512</u>
Total liabilities	77,140
Net assets	
Unrestricted	137,012
Temporarily restricted	90,231
Permanently restricted	41,205
	<u>41,205</u>
Total net assets	268,448
	<u>268,448</u>
TOTAL LIABILITIES AND NET ASSETS	\$345,588

The accompanying notes are an integral part of this statement.

Alzheimer's Association
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2017
(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains and other support				
Contributions	\$ 250,151	\$ 58,887	\$ 116	\$ 309,154
Conference registration, contributed services and other	18,303	7	-	18,310
Dividends and interest	3,735	1,069	-	4,804
Net assets released from restrictions	58,590	(58,590)	-	-
Total revenues, gains and other support	330,779	1,373	116	332,268
Expenses				
Program services				
Research	43,514	-	-	43,514
Public awareness and education	89,127	-	-	89,127
Chapter services	11,956	-	-	11,956
Public policy	16,403	-	-	16,403
Family and healthcare professional services	95,966	-	-	95,966
Total program services	256,966	-	-	256,966
Supporting services				
Management and general	19,420	-	-	19,420
Fundraising	57,799	-	-	57,799
Total supporting services	77,219	-	-	77,219
Total expenses	334,185	-	-	334,185
(Deficiency) excess from operations	(3,406)	1,373	116	(1,917)
Other changes in net assets				
Net realized and unrealized gains in value of investments	6,473	648	10	7,131
Change in value of split-interest agreements	14	365	-	379
Change in value of perpetual trusts	-	-	1,493	1,493
Acquisition of dissolved and merged chapters	91,662	28,992	10,205	130,859
Bad debt expense	(1,618)	-	-	(1,618)
Total other changes in net assets	96,531	30,005	11,708	138,244
CHANGE IN NET ASSETS	93,125	31,378	11,824	136,327
Net assets at beginning of year	43,887	58,853	29,381	132,121
Net assets at end of year	<u>\$ 137,012</u>	<u>\$ 90,231</u>	<u>\$ 41,205</u>	<u>\$ 268,448</u>

The accompanying notes are an integral part of this statement.

Alzheimer's Association
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2017
(In thousands)

	Program services					Supporting services			Total expenses	
	Research	Public awareness and education	Chapter services	Public policy	Family and healthcare professional services	Total program services	Management and general	Fundraising		Total supporting services
Salaries and related benefits	\$ 4,967	\$ 36,110	\$ 7,180	\$ 8,201	\$ 65,201	\$ 121,659	\$ 9,119	\$ 30,039	\$ 39,158	\$ 160,817
Grants and funded research	27,656	2	-	1,625	3,067	32,350	-	-	-	32,350
Professional fees and consultants	2,193	7,171	1,255	1,893	6,063	18,575	1,869	5,761	7,630	26,205
Telephone, postage and supplies	331	6,231	344	414	3,197	10,517	2,318	3,091	5,409	15,926
Occupancy	680	4,903	982	1,111	7,192	14,868	1,517	2,534	4,051	18,919
Conferences and meetings	2,733	5,217	1,250	1,777	5,811	16,788	683	7,427	8,110	24,898
Printing and promotions	1,772	26,550	547	859	3,215	32,943	1,995	5,905	7,900	40,843
Miscellaneous	3,041	2,189	137	315	977	6,659	1,517	2,258	3,775	10,434
Total expenses before depreciation	43,373	88,373	11,695	16,195	94,723	254,359	19,018	57,015	76,033	330,392
Depreciation	141	754	261	208	1,243	2,607	402	784	1,186	3,793
Total expenses	<u>\$ 43,514</u>	<u>\$ 89,127</u>	<u>\$ 11,956</u>	<u>\$ 16,403</u>	<u>\$ 95,966</u>	<u>\$ 256,966</u>	<u>\$ 19,420</u>	<u>\$ 57,799</u>	<u>\$ 77,219</u>	<u>\$ 334,185</u>

The accompanying notes are an integral part of this statement.

Alzheimer's Association
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended June 30, 2017
(In thousands)

Reconciliation of change in net assets to net cash provided by operating activities	
Change in net assets	\$136,327
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,793
Net realized and unrealized gains in value of investments	(7,131)
Acquisition of dissolved and merged chapters	(130,859)
Decrease in pledges and other receivables	19,854
Increase in inventories and prepaid expenses	(1,106)
Decrease in payables and accrued expenses	(12,121)
Increase in deferred revenue	1,261
Increase in deferred rent	1,656
Increase in beneficial interest in split-interest agreements	(897)
Change in value of perpetual trusts	(346)
Decrease in gift annuity obligations	(219)
Contributions restricted for long-term investment	(116)
Change in other assets	232
Net cash provided by operating activities	10,328
Cash flows from investing activities	
Purchase of fixed assets	(5,217)
Proceeds from sale of investments	82,706
Purchases of investments	(107,384)
Cash and cash equivalents received from acquired chapters	39,065
Net cash provided by investing activities	9,170
Cash flows from financing activities	
Proceeds from contributions restricted for Long-term investment	116
Investment subject to annuity agreement	754
Payment of annuity obligations	(486)
Net cash provided by financing activities	384
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,882
Cash and cash equivalents at beginning of year	38,598
Cash and cash equivalents at end of year	<u>\$ 58,480</u>

The accompanying notes are an integral part of this statement.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017

NOTE A - ORGANIZATION AND BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Alzheimer's Association, Alzheimer's Impact Movement (AIM), Alzheimer's Impact Movement Political Action Committee (AIMPAC) and the Alzheimer's Association International (together, the Association). All significant intercompany balances and transactions have been eliminated in consolidation.

The Alzheimer's Association, incorporated as the Alzheimer's Disease and Related Disorders Association, Inc., is a not-for-profit, tax-exempt organization dedicated to achieving its mission: to eliminate Alzheimer's disease through the advancement of research, to provide and enhance care and support for all affected, and to reduce the risk of dementia through the promotion of brain health. The Association's mission is carried out through research, education, public awareness, advocacy, programs and services. The Association's primary sources of revenue and support are contributions from the public, corporations and foundations.

AIM is a non-partisan, non-profit advocacy organization working in strategic partnership with the Alzheimer's Association to make Alzheimer's disease a national priority. AIM's mission is to advocate for the advancement of public policy in order to eliminate Alzheimer's disease through the advancement of research, to enhance care and support for all affected, and to reduce the risk of dementia.

AIMPAC is a voluntary, non-partisan political action committee to support and elect federal congressional candidates who are committed to ending Alzheimer's disease in our lifetimes. AIMPAC, the political arm of AIM, is integral in educating members of Congress about critical Alzheimer's issues in support of the policy priorities of the Alzheimer's Association; to fight for a better life for the millions of Americans who live with Alzheimer's; and to ensure the voice of the Alzheimer's community is heard in the halls of Congress.

The Alzheimer's Association International is a not-for-profit Canadian entity incorporated on June 4, 2015, dedicated to promoting health by providing enhanced care and support services for individuals affected by Alzheimer's disease and related disorders, and to advancing education by facilitating and supporting research on the treatment of Alzheimer's disease and related disorders in Canada. The Alzheimer's Association International's primary sources of revenue and support will be contributions from the public.

Effective July 1, 2016, one chapter dissolved and 46 chapters merged with the Association to create a united Alzheimer's Association. Total assets acquired from the 47 chapters were approximately \$152,004,000 and net assets acquired were approximately \$130,859,000. The Association oversees the operations and activities for 81 chapters to facilitate strategic alignment, deliver on the overarching Association-wide strategic objectives and priority activities, and to ensure coverage for all geographic territories.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions and Presentation

All contributions are considered available for the general programs of the Association unless specifically restricted by the donor. The Association reports monetary gifts as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets or are subject to time or legal restriction. A donor restriction expires when a stipulated time or legal restriction ends or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

For discounting purposes, pledges receivable are classified as either collectible in one year or less or collectible in multiple years. Those receivables deemed collectible in one year or less are stated at their full face value. Those classified as multi-year pledges are stated at their net present value using a risk-adjusted discount rate.

Permanently restricted net assets are those assets for which donors require the principal of the gift to be maintained in perpetuity.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.

Allowances for Uncollectible Amounts

The Association evaluates the collectibility of its chapter receivables and pledges receivable based on the length of time the receivable is outstanding, historical experience, and an assessment of business and economic conditions. The receivables are charged to the allowance for uncollectible amounts when they are deemed uncollectible.

Fair Value of Financial Instruments

U.S. GAAP defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and specifies disclosure requirements for fair value measurements. Furthermore, the Association maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but that are traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Assets that have little to no pricing observability as of the report date. These assets are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable requires significant judgment by the Association. The Association considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based on the pricing transparency of the instrument and does not necessarily correspond to the Association's perceived risk of that instrument.

Valuation of Investments and Financial Instruments

Investments with values that are based on quoted market prices in active markets classified within Level 1 include active listed equities and fixed income funds, as well as assets held in trust - mutual funds. The Association does not adjust the quoted price for such instruments, even in situations where the Association holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but that are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. Level 2 investments include U.S. government agency securities.

Investments and financial instruments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The valuation of the beneficial interest in the split-interest agreements and perpetual trusts fall under Level 3, as there are no significant observable inputs. The trust valuations are based on assumptions about the present value of distributions to be received from the trusts.

The inputs used by the Association in estimating the Level 3 beneficial interest in the split-interest agreements and perpetual trusts include mark-to-market adjustments, annuitant life expectancy and future asset growth. Assumptions used by the Association due to the lack of observable inputs may significantly impact the resulting fair value of the investments, beneficial interest in the split-interest agreements and perpetual trusts and, therefore, the Association's results of operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and certificates of deposit with short-term maturities of three months or less.

Assets Held in Trust

Investments held in trust are carried at fair value. The investments represent contributions to 457(b) plans for key employees. See note F for additional information about the terms of these plans.

Fixed Assets

Building, furniture, equipment and leasehold improvements are stated at cost or, if donated, at fair value at the date of donation. The Association capitalizes individual purchases greater than \$2,500. Depreciation on furniture and equipment is provided on a straight-line basis over the estimated useful lives (three to seven years) of the assets. Depreciation on the building is provided on a straight-line basis over the estimated useful life (39

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

years). Amortization of leasehold improvements is provided on a straight-line basis over the shorter of the useful life or remaining life of the lease (up to 15 years).

Grants Payable

The Association awards research grants generally covering a period of one to four years. Grant expense is recorded as an unconditional promise to give upon approval of the grant.

Deferred Revenue

Registration fees received for conferences to be held in a subsequent period are recognized as deferred revenue. These fees are recorded as unrestricted revenues in the period in which the conference is held.

Advertising Expense

Advertising expense is recorded in the period in which the advertising first takes place. Advertising expense was approximately \$17,240,000 for the year ended June 30, 2017.

Income Taxes

The Association and AIM have received favorable determination letters from the Internal Revenue Service, stating that they are exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code of 1986 (IRC), as organizations described in Sections 501(c)(3) and 501(c)(4), respectively, except for income taxes pertaining to unrelated business income. AIMPAC is a political action committee organization exempt from federal taxes under Section 527 of the IRC. The Alzheimer's Association International is a not-for-profit Canadian entity incorporated on June 4, 2015. The application for charitable status was approved in August 2017.

The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from uncertain tax positions to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain positions that require recognition in the consolidated financial statements and, as such, no provision for income taxes is reflected. Additionally, there are no interest or penalties recognized in the consolidated statement of activities or statement of financial position.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (ASU No. 2014-09) as a new topic, Accounting Standards Codification (ASC) *Topic 606*. The objective of ASU No. 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the new standard, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. ASU No. 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB ASC. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU No. 2014-09 by one year. This ASU is

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

effective for the Association in fiscal year 2020 and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Association in fiscal year 2021. Early adoption is permitted.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment return, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. The ASU includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires a not-for-profit entity to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for the Association in fiscal year 2019. Early adoption is permitted, and entities are required to adopt the guidance retrospectively, but if comparative financial statements are presented, they have the option to omit certain information for any periods presented that are prior to the period of adoption.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable, net of estimated uncollectible amounts and discounted to present value, are due to be collected as follows at June 30, 2017 (in thousands):

Less than one year	\$34,109
One to five years	16,358
Over five years	<u>6,770</u>
Total pledges receivable	57,237
Less	
Unamortized discount	(626)
Allowance for uncollectible amount	<u>(1,685)</u>
Pledges receivable, net	<u>\$54,926</u>

As of June 30, 2017, discount rates on pledges receivable ranged from 1.492% to 2.514%.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

NOTE D - INVESTMENTS

The fair value of investments is as follows at June 30, 2017 (in thousands):

Short-term reserves and cash	\$ 35,536
Fixed income funds	63,019
Equity funds	61,702
U.S. government agency securities	<u>173</u>
Total	<u>\$160,430</u>

Investment fees incurred totaled approximately \$250,000 for the year ended June 30, 2017, which were netted with dividends and interest income.

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table summarizes assets by fair value hierarchy levels as of June 30, 2017 (in thousands):

	2017			Total
	Level 1	Level 2	Level 3	
Fixed income funds	\$ 63,019	\$ -	\$ -	\$ 63,019
Equity funds	61,702	-	-	61,702
Assets held in trust - mutual funds	231	-	-	231
U.S. government agency securities	-	173	-	173
Beneficial interest in split-interest agreements	-	-	7,042	7,042
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>25,706</u>	<u>25,706</u>
Total	<u>\$124,952</u>	<u>\$173</u>	<u>\$32,748</u>	<u>\$157,873</u>

The following table summarizes the changes in fair values associated with Level 3 assets (in thousands):

	Beneficial interest in split-interest agreements	Beneficial interest in perpetual trusts	Total
Balance, June 30, 2016	\$ 5,558	\$16,178	\$21,736
Additions	2,878	8,070	10,948
Unrealized gains	484	1,458	1,942
Payments received	<u>(1,878)</u>	<u>-</u>	<u>(1,878)</u>
Balance, June 30, 2017	<u>\$ 7,042</u>	<u>\$25,706</u>	<u>\$32,748</u>

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

NOTE F - DEFERRED COMPENSATION

Effective September 2006, a 457(f) deferred compensation agreement was entered into with the Association's current chief executive officer. The contract was revised in November 2012. Under the current agreement, the Association provides for deferred compensation of \$150,000 per year.

The Association maintains 457(b) deferred compensation plans for key employees, which provide that a certain percentage of the key employee's salary be accrued for the benefit of the participant. These plans are provided for currently. The amount of \$27,000 due under the plans was accrued and included in deferred compensation payable at June 30, 2017, and the related investments are included in assets held in trust on the accompanying consolidated statement of financial position.

Deferred compensation payables at June 30, 2017, are as follows (in thousands):

457(f) plan	\$600
457(b) plans	<u>231</u>
Deferred compensation payable	<u>\$831</u>

NOTE G - FIXED ASSETS

At June 30, 2017, fixed assets and the related accumulated depreciation were as follows (in thousands):

Land and building	\$ 2,473
Leasehold improvements	7,850
Equipment and software	22,432
Furniture and fixtures	<u>3,131</u>
Total fixed assets	35,886
Less accumulated depreciation	(21,265)
Equipment not in service	<u>3,278</u>
Fixed assets, net	<u>\$ 17,899</u>

NOTE H - PERPETUAL TRUSTS AND SPLIT-INTEREST AGREEMENTS

The Association is a beneficiary of perpetual trusts administered by independent organizations. Under the terms of the trusts, the Association has irrevocable rights to receive portions of the income earned on the trust assets in perpetuity. The Association's beneficial interest in the perpetual trusts, at fair value, totaled approximately \$25,706,000 at June 30, 2017.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

The Association received a life estate in which a donor contributed real estate to the Association in exchange for the donor retaining the right to use the real estate until their death. The life estate is valued at a fair value of \$1,515,000.

The Association is the beneficiary of charitable lead and remainder trust agreements held by independent trustees and the Association. Under the terms of the agreements, the Association has an unconditional right to receive all or a portion of specified cash flows from the agreements. The agreements are valued at fair value based on expected future cash flows and discounted present value at a risk-adjusted rate. The Association applied a discount rate of 1.492%. The Association's beneficial interest is approximately \$5,527,000 at June 30, 2017.

The Association also has charitable gift annuity arrangements in which donors have contributed assets to the Association in exchange for a promise to pay a fixed amount for a specified period of time back to the donor. Gift annuity obligations represent the present value of future cash flows expected to be paid by the Association to the donors under these arrangements. Gift annuity liabilities of approximately \$4,414,000 at June 30, 2017, are reported on the consolidated statement of financial position. The required reserves of approximately \$13,831,000 at June 30, 2017, have been segregated in separate accounts, the use of which is limited to meeting the gift annuity obligations.

NOTE I - SELF-INSURANCE RESERVE

The Association maintains a self-insured program for medical coverage as part of its employee benefits plan. Cigna provides claims administration as well as both individual and aggregate stop-loss coverage. Funding for this program is obtained through both employee and employer contributions for medical coverage and through earnings on designated assets held to pay claims. Investments designated by the Association for the insurance program amounted to approximately \$1,189,000 as of June 30, 2017, and were included in unrestricted net assets. As of June 30, 2017, the actuarially determined liability associated with this program was approximately \$1,189,000, and is determined as an estimated liability for self-insured claims in the accompanying consolidated statement of financial position.

NOTE J - GRANTS PAYABLE

Grants payable are discounted to present value. At June 30, 2017, they were due to be disbursed as follows (in thousands):

Less than one year	\$24,964
One to five years	<u>12,511</u>
Total grants payable	37,475
Less unamortized discount	<u>(261)</u>
Grants payable, net	<u>\$37,214</u>

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

As of June 30, 2017, discount rates on grants payable ranged from 1.492% to 2.514%.

NOTE K - GIFTS-IN-KIND AND CONTRIBUTED SERVICES

Gifts-in-kind and contributed services are reflected as expenses and contributions at their estimated fair value at date of the gift or service. During 2017, the Association received approximately \$5,512,000 in gifts-in-kind and contributed services. Of these non-monetary transactions, the Association recorded services valued at approximately \$2,911,000 as program expense for the medical science research grants review process and the Alzheimer's Association International Conference and gifts-in-kind of approximately \$2,601,000 as fundraising expenses.

NOTE L - ALLOCATION OF JOINT COSTS

For the year ended June 30, 2017, the Association incurred expenses of approximately \$15,483,000 related to the distribution of informational materials that included fundraising appeals. The Association allocated these costs as follows for the year ended June 30, 2017 (in thousands):

Public awareness and education	\$ 9,334
Fundraising	3,748
Management and general	<u>2,401</u>
Total	<u>\$15,483</u>

NOTE M - RETIREMENT PLANS

The Association has a defined contribution retirement plan covering all eligible employees. The Association contributes, at a minimum, an amount equal to 6% of the participant's eligible compensation to the defined contribution plan. The Association also matches 100% of an employee's elected deferral up to 5% of the employee's eligible compensation, or as limited by law.

The Association's policy is to fund retirement plan costs as they are accrued. Contribution expense related to the defined contribution plan totaled approximately \$8,954,000 for the year ended June 30, 2017.

NOTE N - COMMITMENTS - OPERATING LEASE OBLIGATIONS

The Association currently has a 13-year operating lease agreement for office space in Chicago, Illinois, that expires on March 31, 2030. This lease agreement includes inducements totaling approximately \$4,958,000 for leasehold improvements. The lease inducements are reflected as deferred rent in the accompanying consolidated statement of financial position and are being amortized on a straight-line basis over the term of

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

the lease agreement. The lease agreement includes approximately \$1,643,000 in rent abatement through March 2019.

The Association also has a 10-year operating lease agreement for office space in Washington, D.C., that has been accounted for as an operating lease in the accompanying consolidated financial statements. The current lease is effective September 1, 2010 through November 30, 2020. The Association has also entered into 232 leases for the chapters. The leases range in length from 6 to 123 months and contain provisions for future rent increases that are included in the future minimum lease payments below and are amortized using the straight-line method over the lease terms.

Rental expense under the lease agreements totaled approximately \$11,697,000 for the year ended June 30, 2017.

Future rental commitments as of June 30, 2017, for all non-cancelable operating leases are as follows (in thousands):

Years ending June 30.

2018	\$11,158
2019	9,923
2020	8,427
2021	6,507
2022	5,072
Thereafter	<u>22,677</u>
Total	<u>\$63,764</u>

NOTE O - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2017 (in thousands):

Research	\$47,327
Programs	37,090
Time restricted	<u>5,814</u>
Total temporarily restricted net assets	<u>\$90,231</u>

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

NOTE P - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. Permanently restricted net assets were as follows as of June 30, 2017 (in thousands):

John P. Green, Jr. Charitable Foundation Trust	\$ 9,471
Samson Perpetual Trust	3,221
Evelyn T. Stone Memorial Fund	2,838
George Graff Perpetual Trust	1,479
Jane M. Campbell Revocable Trust	1,393
C.N. Wodenhouse Hawaii Charities Trust	1,277
Samuel A. Blank Research Fund	1,263
Sidney W. and Sylvia N. Souers Charitable Trust	1,204
Barbara Meyer Endowment	1,003
National Alzheimer's Research Fund Endowment	1,000
Stalder Perpetual Trust	980
Stephanie Aschemeyer Endowment Fund	897
Robert E. Black Memorial Trust	815
John Lyman Bogert Memorial Research Fund	750
The Heritage Trust Endowment	748
Edward P. and Mary Klein Smith Foundation Trust	623
Kapus Kozem Permanently Restricted Endowment	612
Sandra E. Lamb Charitable Trust	604
Harold W. and Georgiana Spaght Memorial Fund	601
Schmidt Foundation Perpetual Trust	561
Mary J. Wickstrom Estate	500
Hindenburg Perpetual Trust	487
Alburger Perpetual Trust	465
George F. Berlinger Memorial Fund	450
I.J. Berkson Research Fund	437
Edna Curl Endowment Fund	411
Gaedtke Trust	409
Ruth Templeton Henney Alzheimer's Research Foundation	361
Norman Gotlieb and Bertha Chrystall Gotlieb Fund	345
Willis Trust	308
Evelyn Schwartz Endowment	278
Parnell Rickerson Endowment	259
Mr. and Mrs. Neil Bluhm Pilot Research Grant Fund	252
William Edmonson Trust	251
The Blum-Kovler Foundation Pilot Research Grant Fund	250
Sommerville Perpetual Trust	244
Arthur and Josephine Lowell Charitable Foundation Trust	213
Donald R. McLennan Jr. Research Fund	212
Ruth Bates Charitable Trust	196
Robert Bressler Perpetual Trust	186
Sara & Soloman Hartman Family Charitable Trust	182
Bertis Westfall Charitable Trust	172
Robert Feldman Endowment	158
David Finkle Pilot Research Grant Fund	153

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

Robert Mumma Perpetual Trust	148
Sperry Charitable Trust	146
Robert and Marie Leonard Endowment	141
The Burl Endowment	130
Leiser Foundation Irrevocable Perpetual Trust	129
F. William Littlejohn and Amy E. Littlejohn Trust	128
Omens/Normand Research Fund	120
Marian Burke Research Scholarship Fund	120
The Plotkin-Wollin Research Fund	119
Doug Jones Family Endowment Fund	119
Mary and Robert Bronstein Memorial Fund	113
Helen and Philip Brody Pilot Research Grant Fund	100
Plumsock Fund	100
Fern Hayes Endowment	100
Individual funds less than \$100	<u>973</u>
Total	<u>\$41,205</u>

NOTE Q - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended June 30, 2017 (in thousands):

Purpose restrictions accomplished	
Research	\$33,852
Programs	22,758
Time restricted	<u>1,980</u>
Total net assets released from restrictions	<u>\$58,590</u>

NOTE R - ENDOWMENT NET ASSETS

Permanently restricted net assets are restricted as investments in perpetuity. The Association's endowment only consists of donor-restricted endowment funds. Net assets associated with the Association's endowment funds are classified and reported based on the existence of donor-imposed restrictions. Donors restrict the earnings of some of the Association's endowment funds to fund the Association's research program. In accordance with donor stipulations, the income generated from these assets is restricted for research (approximately 57%) or not purpose restricted (approximately 43%).

The Association accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, the Association classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

gift instrument at the time the accumulation is added to the endowment fund. The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Association and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Association.
- The investment policies of the Association.

The Association has adopted an investment policy that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. As of June 30, 2017, endowment assets only include those assets of donor-restricted funds that the Association must hold in perpetuity, as the Association does not have any board-designated endowment funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximizing returns on all funds invested and achieving full employment of all available funds as earning assets. The Association has an active finance committee and investment sub-committee that meets regularly to ensure that the objectives of the investment policy are met, and that the strategies used to meet the objectives are in accordance with the investment policy. The Association's policy is to appropriate spending amounts deemed prudent for donor-restricted funds.

Changes in endowment net assets for the year ended June 30, 2017, are as follows (in thousands):

	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2016	\$ 595	\$13,122	\$13,717
New gifts	-	116	116
Transfer from chapters	-	10,205	10,205
Dividends and interest	503	-	503
Net appreciation (realized and unrealized)	622	-	622
Appropriation	<u>(1,125)</u>	<u>-</u>	<u>(1,125)</u>
Endowment net assets, June 30, 2017	<u>\$ 595</u>	<u>\$23,443</u>	<u>\$24,038</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires the Association to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. There was no deficiency as of June 30, 2017.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

NOTE S - CONCENTRATION OF CREDIT RISK

Certain financial instruments subject the Association to credit risk. Those financial instruments consist primarily of cash, accounts receivable, beneficial interest in split-interest agreements and investments. The Association maintains its cash balance in financial institutions, which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. Concentration of credit risk with respect to receivables is limited due to the large number of accounts and low average cash balance. Concentration of credit risk with respect to the beneficial interest in split-interest agreements is limited through the diversification of the trust assets. The Association's investment policy also stipulates appropriate diversification of investment balances. As of June 30, 2017, the Association had no significant concentration of credit risk in investments.

NOTE T - ACQUIRED NET ASSETS

The Association acquired 47 chapters during fiscal year 2017 as a result of one chapter dissolution and 46 mergers. No consideration was provided as a result of the transaction.

For fiscal year 2017, the following table summarizes the estimated fair values of the assets and liabilities at the acquisition date (in thousands):

Cash and cash equivalents	\$ 39,065
Pledges receivable, net	19,072
Other receivables	14,715
Inventories of education materials, at cost	1,227
Investments	57,697
Prepaid expenses	2,197
Fixed assets, net	7,405
Beneficial interest in split-interest agreements	587
Beneficial interest in perpetual trusts	9,182
Other assets	<u>857</u>
Total identifiable assets acquired	152,004
Accounts payable	(1,330)
Accrued expenses and other liabilities	(16,983)
Deferred revenue	(2,018)
Deferred rent	<u>(814)</u>
Net assets acquired	<u>\$130,859</u>

As a result, the net value is recorded as an acquisition of dissolved and merged chapters during fiscal year 2017 in the consolidated statement of activities.

Alzheimer's Association
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

NOTE U - SUBSEQUENT EVENTS

The Association evaluated its June 30, 2017, consolidated financial statements for subsequent events through December 13, 2017, the date the consolidated financial statements were available to be issued. The Association is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION**

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**Board of Directors
Alzheimer's Association**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Alzheimer's Association and affiliates (together, the Association) as of and for the year ended June 30, 2017, and our report thereon dated December 13, 2017 expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on these consolidated financial statements as a whole.

The accompanying consolidating statements of financial position and activities are presented for purposes of additional analysis, rather than to present the financial position, results of operations and cash flows of the individual entities, and are not a required part of the consolidated financial statements. The comparative statements of financial position and activities, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

**Chicago, Illinois
December 13, 2017**

Alzheimer's Association
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2017
(In thousands)

ASSETS	Alzheimer's Association	AIM	AIMPAC	Alzheimer's Association International	Eliminations	Consolidated
Cash and cash equivalents	\$ 58,143	\$ 218	\$ 118	\$ 1	\$ -	\$ 58,480
Pledges receivable, net	54,827	99	-	-	-	54,926
Other receivables	10,482	206	1	-	(163)	10,526
Inventories of education materials, at cost	886	-	-	-	-	886
Investments	160,430	-	-	-	-	160,430
Prepaid expenses	8,563	8	-	-	-	8,571
Assets held in trust	231	-	-	-	-	231
Fixed assets, net	17,889	-	-	10	-	17,899
Beneficial interest in split-interest agreements	7,042	-	-	-	-	7,042
Beneficial interest in perpetual trusts	25,706	-	-	-	-	25,706
Other assets	891	-	-	-	-	891
TOTAL ASSETS	\$ 345,090	\$ 531	\$ 119	\$ 11	\$ (163)	\$ 345,588
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable	\$ 5,060	\$ 20	\$ -	\$ -	\$ -	\$ 5,080
Grants payable, net	37,214	-	-	-	-	37,214
Deferred compensation payable	831	-	-	-	-	831
Accrued expenses and other liabilities	19,196	40	-	20	(163)	19,093
Self-insurance reserve	1,189	-	-	-	-	1,189
Gift annuity obligations	4,414	-	-	-	-	4,414
Deferred revenue	5,807	-	-	-	-	5,807
Deferred rent	3,512	-	-	-	-	3,512
Total liabilities	77,223	60	-	20	(163)	77,140
Net assets						
Unrestricted	136,431	471	119	(9)	-	137,012
Temporarily restricted	90,231	-	-	-	-	90,231
Permanently restricted	41,205	-	-	-	-	41,205
Total net assets	267,867	471	119	(9)	-	268,448
TOTAL LIABILITIES AND NET ASSETS	\$ 345,090	\$ 531	\$ 119	\$ 11	\$ (163)	\$ 345,588

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2017
(In thousands)

	Home Office	Alabama-Florida Panhandle	Alaska	Aloha	Arkansas	California Central	California Southland	Capital of Texas	Central & North Florida	Central & Western Kansas	Central & Western Virginia	Central Illinois
Revenues, gains and other support												
Contributions	\$ 134,673	\$ 748	\$ 47	\$ 647	\$ 572	\$ 1,413	\$ 2,459	\$ 409	\$ 2,347	\$ 469	\$ 1,099	\$ 523
Conference registration, contributed services and other	7,690	14	-	34	3	205	-	-	36	102	213	44
Dividends and interest	3,077	-	-	62	-	158	-	-	11	3	8	20
Total revenues, gains and other support	145,440	762	47	743	575	1,776	2,459	409	2,394	574	1,320	587
Expenses												
Program services												
Research	43,514	-	-	-	-	-	-	-	-	-	-	-
Public awareness and education	38,709	173	1	241	229	505	724	103	523	215	417	291
Chapter services	10,099	6	-	9	8	19	27	4	19	8	15	11
Public policy	7,198	30	-	42	40	88	126	18	91	38	73	51
Family and healthcare professional services	16,301	273	2	381	361	798	1,145	163	827	340	659	460
Total program services	115,821	482	3	673	638	1,410	2,022	288	1,460	601	1,164	813
Supporting services												
Management and general	13,107	22	2	30	29	63	90	13	65	27	52	36
Fundraising	22,951	119	1	167	158	349	501	71	362	149	288	201
Total supporting services	36,058	141	3	197	187	412	591	84	427	176	340	237
Total expenses	151,879	623	6	870	825	1,822	2,613	372	1,887	777	1,504	1,050
(Deficiency) excess from operations	(6,439)	139	41	(127)	(250)	(46)	(154)	37	507	(203)	(184)	(463)
Other changes in net assets												
Net realized and unrealized gains (losses) in value of investments	4,405	-	-	-	-	17	-	-	27	6	47	81
Change in value of split-interest agreements	78	-	-	41	-	-	-	-	-	-	-	-
Change in value of perpetual trusts	840	-	-	113	-	346	-	-	2	-	-	-
Acquisition of dissolved and merged chapters	130,859	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	(1,199)	(1)	-	(1)	(5)	(19)	-	-	(7)	-	(2)	-
Total other changes in net assets	134,983	(1)	-	153	(5)	344	-	-	22	6	45	81
CHANGE IN NET ASSETS	128,544	138	41	26	(255)	298	(154)	37	529	(197)	(139)	(382)
Net assets at beginning of year	131,830	-	-	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 260,374	\$ 138	\$ 41	\$ 26	\$ (255)	\$ 298	\$ (154)	\$ 37	\$ 529	\$ (197)	\$ (139)	\$ (382)

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2017
(In thousands)

	Central New York	Central Ohio	Cleveland Area	Colorado	Connecticut	Delaware Valley	Desert Southwest	East Central Iowa	Eastern North Carolina	Eastern Tennessee	Florida Gulf Coast
Revenues, gains and other support											
Contributions	\$ 2,962	\$ 1,483	\$ 2,115	\$ 4,166	\$ 2,395	\$ 4,454	\$ 3,341	\$ 508	\$ 909	\$ 166	\$ 2,492
Conference registration, contributed services and other	49	29	72	233	209	653	256	63	3	-	69
Dividends and interest	-	5	2	105	32	44	210	-	-	-	25
Total revenues, gains and other support	3,011	1,517	2,189	4,504	2,636	5,151	3,807	571	912	166	2,586
Expenses											
Program services											
Research	-	-	-	-	-	-	-	-	-	-	-
Public awareness and education	757	423	728	1,365	874	1,295	865	193	245	32	679
Chapter services	28	16	27	50	32	48	32	7	9	1	25
Public policy	132	74	127	238	153	226	151	34	43	6	119
Family and healthcare professional services	1,196	668	1,150	2,157	1,381	2,046	1,367	305	387	50	1,073
Total program services	2,113	1,181	2,032	3,810	2,440	3,615	2,415	539	684	89	1,896
Supporting services											
Management and general	95	53	91	170	109	162	108	24	31	4	85
Fundraising	523	292	503	944	604	895	598	134	169	22	469
Total supporting services	618	345	594	1,114	713	1,057	706	158	200	26	554
Total expenses	2,731	1,526	2,626	4,924	3,153	4,672	3,121	697	884	115	2,450
(Deficiency) excess from operations	280	(9)	(437)	(420)	(517)	479	686	(126)	28	51	136
Other changes in net assets											
Net realized and unrealized gains (losses) in value of investments	-	5	236	224	86	98	38	-	-	-	37
Change in value of split-interest agreements	-	-	-	-	-	-	-	-	-	-	11
Change in value of perpetual trusts	-	-	-	-	-	-	-	15	-	-	-
Acquisition of dissolved and merged chapters	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	(21)	3	-	-	-	-	-	(22)
Total other changes in net assets	-	5	236	203	89	98	38	15	-	-	26
CHANGE IN NET ASSETS	280	(4)	(201)	(217)	(428)	577	724	(111)	28	51	162
Net assets at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 280	\$ (4)	\$ (201)	\$ (217)	\$ (428)	\$ 577	\$ 724	\$ (111)	\$ 28	\$ 51	\$ 162

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2017
(In thousands)

	Georgia	Greater Cincinnati	Greater Dallas	Greater East Ohio Area	Greater Illinois	Greater Indiana	Greater Iowa	Greater Kentucky & Southern Indiana	Greater Maryland	Greater Michigan	Greater Missouri	Greater New Jersey
Revenues, gains and other support												
Contributions	\$ 5,678	\$ 2,236	\$ 1,873	\$ 1,184	\$ 9,299	\$ 2,610	\$ 1,556	\$ 1,779	\$ 2,728	\$ 5,169	\$ 595	\$ 1,977
Conference registration, contributed services and other	435	200	12	45	254	156	142	3	374	232	-	-
Dividends and interest	1	30	1	10	50	79	-	13	70	35	10	-
Total revenues, gains and other support	6,114	2,466	1,886	1,239	9,603	2,845	1,698	1,795	3,172	5,436	605	1,977
Expenses												
Program services												
Research	-	-	-	-	-	-	-	-	-	-	-	-
Public awareness and education	2,079	656	568	327	2,320	870	523	391	896	1,428	236	236
Chapter services	77	24	21	12	85	32	19	14	33	53	9	9
Public policy	363	114	99	57	405	152	91	68	156	249	41	41
Family and healthcare professional services	3,285	1,036	898	517	3,666	1,374	827	618	1,415	2,257	373	373
Total program services	5,804	1,830	1,586	913	6,476	2,428	1,460	1,091	2,500	3,987	659	659
Supporting services												
Management and general	260	82	71	41	290	109	65	49	112	178	29	29
Fundraising	1,437	453	393	226	1,604	601	362	270	619	987	163	163
Total supporting services	1,697	535	464	267	1,894	710	427	319	731	1,165	192	192
Total expenses	7,501	2,365	2,050	1,180	8,370	3,138	1,887	1,410	3,231	5,152	851	851
(Deficiency) excess from operations	(1,387)	101	(164)	59	1,233	(293)	(189)	385	(59)	284	(246)	1,126
Other changes in net assets												
Net realized and unrealized gains (losses) in value of investments	2	45	2	38	114	235	-	-	60	67	-	-
Change in value of split-interest agreements	101	-	-	-	-	-	-	-	-	-	-	-
Change in value of perpetual trusts	-	-	-	-	-	11	-	-	-	-	-	-
Acquisition of dissolved and merged chapters	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	(16)	2	(12)	(8)	(3)	(29)	(9)	-
Total other changes in net assets	103	45	2	38	98	248	(12)	(8)	57	38	(9)	-
CHANGE IN NET ASSETS	(1,284)	146	(162)	97	1,331	(45)	(201)	377	(2)	322	(255)	1,126
Net assets at beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (1,284)	\$ 146	\$ (162)	\$ 97	\$ 1,331	\$ (45)	\$ (201)	\$ 377	\$ (2)	\$ 322	\$ (255)	\$ 1,126

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2017
(In thousands)

	Greater Pennsylvania	Greater Richmond	Greater Wisconsin	Heart of America	Houston & SE Texas	Hudson Valley/Rockland/ Westchester NY	Idaho	Long Island	Louisiana	Maine	Massachusetts/ New Hampshire
Revenues, gains and other support											
Contributions	\$ 3,094	\$ 1,149	\$ 1,141	\$ 2,157	\$ 3,094	\$ 4,214	\$ 378	\$ 2,576	\$ 836	\$ 695	\$ 7,864
Conference registration, contributed services and other	109	221	104	37	91	41	3	44	18	15	717
Dividends and interest	78	6	22	6	38	3	-	-	-	1	42
Total revenues, gains and other support	3,281	1,376	1,267	2,200	3,223	4,258	381	2,620	854	711	8,623
Expenses											
Program services											
Research	-	-	-	-	-	-	-	-	-	-	-
Public awareness and education	1,004	432	321	452	916	1,113	110	418	229	281	2,562
Chapter services	37	16	12	17	34	41	4	15	8	10	94
Public policy	175	75	56	79	160	194	19	73	40	49	447
Family and healthcare professional services	1,586	683	507	714	1,448	1,758	174	660	362	444	4,049
Total program services	2,802	1,206	896	1,262	2,558	3,106	307	1,166	639	784	7,152
Supporting services											
Management and general	125	54	40	56	114	139	14	52	29	35	320
Fundraising	694	299	222	312	633	769	76	289	158	194	1,771
Total supporting services	819	353	262	368	747	908	90	341	187	229	2,091
Total expenses	3,621	1,559	1,158	1,630	3,305	4,014	397	1,507	826	1,013	9,243
(Deficiency) excess from operations	(340)	(183)	109	570	(82)	244	(16)	1,113	28	(302)	(620)
Other changes in net assets											
Net realized and unrealized gains (losses) in value of investments	16	9	69	(12)	145	8	-	-	-	-	57
Change in value of split-interest agreements	-	-	-	-	-	-	-	-	-	-	-
Change in value of perpetual trusts	-	-	-	-	-	-	-	-	-	-	-
Acquisition of dissolved and merged chapters	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	(11)	(9)	(8)	-	-	(1)	(1)	(11)	-	-	-
Total other changes in net assets	5	-	61	(12)	145	7	(1)	(11)	-	-	57
CHANGE IN NET ASSETS	(335)	(183)	170	558	63	251	(17)	1,102	28	(302)	(563)
Net assets at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (335)	\$ (183)	\$ 170	\$ 558	\$ 63	\$ 251	\$ (17)	\$ 1,102	\$ 28	\$ (302)	\$ (563)

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2017
(In thousands)

	Miami Valley	Michigan Great Lakes	Mid South	Minnesota-North Dakota	Mississippi	Montana	National Capital Area	Nebraska	New Mexico	New York City
Revenues, gains and other support										
Contributions	\$ 1,215	\$ 1,240	\$ 2,286	\$ 5,149	\$ 222	\$ 283	\$ 4,688	\$ 1,244	\$ 1,278	\$ 3,701
Conference registration, contributed services and other	22	36	13	244	-	13	148	97	188	3
Dividends and interest	20	-	14	21	-	-	5	-	11	-
Total revenues, gains and other support	1,257	1,276	2,313	5,414	222	296	4,841	1,341	1,477	3,704
Expenses										
Program services										
Research	-	-	-	-	-	-	-	-	-	-
Public awareness and education	421	398	626	1,657	139	90	1,172	368	454	563
Chapter services	16	15	23	61	5	3	43	14	17	21
Public policy	74	69	109	289	24	16	205	64	79	98
Family and healthcare professional services	666	629	989	2,618	219	143	1,852	581	717	890
Total program services	1,177	1,111	1,747	4,625	387	252	3,272	1,027	1,267	1,572
Supporting services										
Management and general	53	50	78	207	17	11	146	46	57	70
Fundraising	291	275	433	1,145	96	63	810	254	314	389
Total supporting services	344	325	511	1,352	113	74	956	300	371	459
Total expenses	1,521	1,436	2,258	5,977	500	326	4,228	1,327	1,638	2,031
(Deficiency) excess from operations	(264)	(160)	55	(563)	(278)	(30)	613	14	(161)	1,673
Other changes in net assets										
Net realized and unrealized gains (losses) in value of investments	37	-	43	30	-	1	11	-	12	-
Change in value of split-interest agreements	-	-	-	-	-	-	-	-	-	-
Change in value of perpetual trusts	-	-	-	-	-	-	-	-	-	-
Acquisition of dissolved and merged chapters	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	(73)	-	-	-
Total other changes in net assets	37	-	43	30	-	1	(62)	-	12	-
CHANGE IN NET ASSETS	(227)	(160)	98	(533)	(278)	(29)	551	14	(149)	1,673
Net assets at beginning of year	-	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (227)	\$ (160)	\$ 98	\$ (533)	\$ (278)	\$ (29)	\$ 551	\$ 14	\$ (149)	\$ 1,673

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2017
(In thousands)

	North Central Texas	Northeastern New York	Northern California & Northern Nevada	Northwest Ohio	Oklahoma	Orange County	Oregon	Rhode Island	Rochester	San Antonio & South Texas	San Diego
Revenues, gains and other support											
Contributions	\$ 2,161	\$ 1,973	\$ 11,559	\$ 908	\$ 2,726	\$ 807	\$ 1,428	\$ 820	\$ 2,623	\$ 1,114	\$ 497
Conference registration, contributed services and other	141	152	552	182	199	1	30	183	74	15	1,861
Dividends and interest	83	2	23	3	18	-	-	3	43	-	-
Total revenues, gains and other support	2,385	2,127	12,134	1,093	2,943	808	1,458	1,006	2,740	1,129	2,358
Expenses											
Program services											
Research	-	-	-	-	-	-	-	-	-	-	-
Public awareness and education	783	520	3,642	320	874	442	512	255	784	300	271
Chapter services	29	19	134	12	32	16	19	9	29	11	10
Public policy	137	91	636	56	153	77	89	44	137	52	47
Family and healthcare professional services	1,237	822	5,755	505	1,381	699	808	403	1,239	473	428
Total program services	2,186	1,452	10,167	893	2,440	1,234	1,428	711	2,189	836	756
Supporting services											
Management and general	98	65	455	40	109	55	64	32	98	37	34
Fundraising	541	360	2,518	221	604	306	354	176	542	207	187
Total supporting services	639	425	2,973	261	713	361	418	208	640	244	221
Total expenses	2,825	1,877	13,140	1,154	3,153	1,595	1,846	919	2,829	1,080	977
(Deficiency) excess from operations	(440)	250	(1,006)	(61)	(210)	(787)	(388)	87	(89)	49	1,381
Other changes in net assets											
Net realized and unrealized gains (losses) in value of investments	209	6	33	7	96	-	-	6	58	-	-
Change in value of split-interest agreements	-	-	-	-	-	-	-	-	-	-	-
Change in value of perpetual trusts	-	-	-	-	-	-	-	-	-	-	-
Acquisition of dissolved and merged chapters	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	(1)	(1)	18	(1)	(15)	-	(4)	-	(1)	(2)	-
Total other changes in net assets	208	5	51	6	81	-	(4)	6	57	(2)	-
CHANGE IN NET ASSETS	(232)	255	(955)	(55)	(129)	(787)	(392)	93	(32)	47	1,381
Net assets at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (232)	\$ 255	\$ (955)	\$ (55)	\$ (129)	\$ (787)	\$ (392)	\$ 93	\$ (32)	\$ 47	\$ 1,381

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2017
(In thousands)

	South Carolina	South Central Wisconsin	South Dakota	Southeast Florida	Southeastern Virginia	Southeastern Wisconsin	St. Louis	Utah	Vermont	Washington State	West Texas
Revenues, gains and other support											
Contributions	\$ 2,921	\$ 364	\$ 249	\$ 2,742	\$ 1,137	\$ 2,499	\$ 4,790	\$ 561	\$ 494	\$ 3,663	\$ 767
Conference registration, contributed services and other	23	36	-	22	142	225	134	1	31	98	13
Dividends and interest	13	-	-	148	-	27	88	-	-	-	-
Total revenues, gains and other support	2,957	400	249	2,912	1,279	2,751	5,012	562	525	3,761	780
Expenses											
Program services											
Research	-	-	-	-	-	-	-	-	-	-	-
Public awareness and education	814	91	77	709	281	802	1,074	243	144	858	228
Chapter services	30	3	3	26	10	30	40	9	5	32	8
Public policy	142	16	13	124	49	140	188	42	25	150	40
Family and healthcare professional services	1,286	144	122	1,121	443	1,267	1,697	385	227	1,356	360
Total program services	2,272	254	215	1,980	783	2,239	2,999	679	401	2,396	636
Supporting services											
Management and general	102	11	10	89	35	100	134	30	18	107	28
Fundraising	563	63	53	490	194	554	743	168	99	593	157
Total supporting services	665	74	63	579	229	654	877	198	117	700	185
Total expenses	2,937	328	278	2,559	1,012	2,893	3,876	877	518	3,096	821
(Deficiency) excess from operations	20	72	(29)	353	267	(142)	1,136	(315)	7	665	(41)
Other changes in net assets											
Net realized and unrealized gains (losses) in value of investments	28	-	-	240	-	48	41	-	-	-	-
Change in value of split-interest agreements	-	-	-	-	124	-	24	-	-	-	-
Change in value of perpetual trusts	-	-	-	-	-	-	166	-	-	-	-
Acquisition of dissolved and merged chapters	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	(8)	(3)	(22)	(95)	(3)	-	(3)	-
Total other changes in net assets	28	-	-	232	121	26	136	(3)	-	(3)	-
CHANGE IN NET ASSETS	48	72	(29)	585	388	(116)	1,272	(318)	7	662	(41)
Net assets at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 48	\$ 72	\$ (29)	\$ 585	\$ 388	\$ (116)	\$ 1,272	\$ (318)	\$ 7	\$ 662	\$ (41)

Alzheimer's Association
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2017
(In thousands)

	West Virginia	Western Carolina	Western New York	Wyoming	Total	AIM	AIMPAC	Alzheimer's Association International	Eliminations	Consolidated
Revenues, gains and other support										
Contributions	\$ 593	\$ 3,250	\$ 2,120	\$ 90	\$ 308,441	\$ 1,987	\$ 159	\$ -	\$ (1,433)	\$ 309,154
Conference registration, contributed services and other	88	55	58	-	18,310	-	-	-	-	18,310
Dividends and interest	-	11	14	-	4,804	-	-	-	-	4,804
Total revenues, gains and other support	681	3,316	2,192	90	331,555	1,987	159	-	(1,433)	332,268
Expenses										
Program services										
Research	-	-	-	-	43,514	-	-	-	-	43,514
Public awareness and education	300	459	463	38	89,127	-	-	-	-	89,127
Chapter services	11	17	17	1	11,956	-	-	-	-	11,956
Public policy	52	80	81	7	15,996	1,743	97	-	(1,433)	16,403
Family and healthcare professional services	473	725	732	60	95,966	-	-	-	-	95,966
Total program services	836	1,281	1,293	106	256,559	1,743	97	-	(1,433)	256,966
Supporting services										
Management and general	37	57	58	5	19,404	9	-	7	-	19,420
Fundraising	207	317	320	27	57,799	-	-	-	-	57,799
Total supporting services	244	374	378	32	77,203	9	-	7	-	77,219
Total expenses	1,080	1,655	1,671	138	333,762	1,752	97	7	(1,433)	334,185
(Deficiency) excess from operations	(399)	1,661	521	(48)	(2,207)	235	62	(7)	-	(1,917)
Other changes in net assets										
Net realized and unrealized gains (losses) in value of investments	-	22	41	-	7,131	-	-	-	-	7,131
Change in value of split-interest agreements	-	-	-	-	379	-	-	-	-	379
Change in value of perpetual trusts	-	-	-	-	1,493	-	-	-	-	1,493
Acquisition of dissolved and merged chapters	-	-	-	-	130,859	-	-	-	-	130,859
Bad debt expense	(1)	-	(13)	-	(1,618)	-	-	-	-	(1,618)
Total other changes in net assets	(1)	22	28	-	138,244	-	-	-	-	138,244
CHANGE IN NET ASSETS	(400)	1,683	549	(48)	136,037	235	62	(7)	-	136,327
Net assets at beginning of year	-	-	-	-	131,830	236	57	(2)	-	132,121
Net assets at end of year	\$ (400)	\$ 1,683	\$ 549	\$ (48)	\$ 267,867	\$ 471	\$ 119	\$ (9)	\$ -	\$ 268,448

Alzheimer's Association
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
June 30, 2017, with unaudited totals for June 30, 2016
(In thousands)

ASSETS	2017 (audited)	2016 (unaudited)
Cash and cash equivalents	\$ 58,480	\$ 81,427
Pledges receivable, net	54,926	60,128
Other receivables	10,526	27,636
Inventories of education materials, at cost	886	922
Investments	160,430	131,890
Prepaid expenses	8,571	6,344
Assets held in trust	231	204
Fixed assets, net	17,899	18,136
Beneficial interest in split-interest agreements	7,042	5,558
Beneficial interest in perpetual trusts	25,706	21,075
Other assets	891	1,120
TOTAL ASSETS	<u>\$ 345,588</u>	<u>\$ 354,440</u>

LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 5,080	\$ 3,453
Grants payable, net	37,214	28,626
Deferred compensation payable	831	654
Accrued expenses and other liabilities	19,093	45,044
Self-insurance reserve	1,189	293
Gift annuity obligations	4,414	4,633
Deferred revenue	5,807	4,544
Deferred rent	3,512	2,098
Total liabilities	77,140	89,345
Net assets		
Unrestricted	137,012	133,888
Temporarily restricted	90,231	92,668
Permanently restricted	41,205	38,539
Total net assets	268,448	265,095
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 345,588</u>	<u>\$ 354,440</u>

Alzheimer's Association
COMPARATIVE STATEMENTS OF ACTIVITIES
Year ended June 30, 2017, with unaudited totals for the year ended June 30, 2016
(In thousands)

	2017 (audited)	2016 (unaudited)
Revenues, gains and other support		
Contributions	\$ 309,154	\$ 291,218
Conference registration, contributed services and other	18,310	20,530
Dividends and interest	4,804	4,736
	<u>332,268</u>	<u>316,484</u>
Total revenues, gains and other support	332,268	316,484
Expenses		
Program services		
Research	43,514	40,483
Public awareness and education	89,127	71,427
Chapter services	11,956	12,488
Public policy	16,403	14,718
Family and healthcare professional services	95,966	90,407
	<u>256,966</u>	<u>229,523</u>
Total program services	256,966	229,523
Supporting services		
Management and general	19,420	23,264
Fundraising	57,799	49,083
	<u>77,219</u>	<u>72,347</u>
Total supporting services	77,219	72,347
Total expenses	<u>334,185</u>	<u>301,870</u>
Total expenses	334,185	301,870
(Deficiency) excess from operations	(1,917)	14,614
Other changes in net assets		
Net realized and unrealized gains (losses) in value of investments	7,131	(1,180)
Change in value of split-interest agreements	379	(492)
Change in value of perpetual trusts	1,493	(879)
Acquisition of dissolved and merged chapters	130,859	-
Bad debt expense	(1,618)	(467)
Other transfers of net assets	-	(561)
	<u>138,244</u>	<u>(3,579)</u>
Total other changes in net assets	138,244	(3,579)
CHANGE IN NET ASSETS	<u><u>\$ 136,327</u></u>	<u><u>\$ 11,035</u></u>