

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Financial Statements

December 31, 2010



Independent Auditors' Report

Board of Trustees
The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation

We have audited the accompanying statement of financial position of The Zachary and Elizabeth M. Fisher Center for Alzheimer's Research Foundation (the "Foundation") as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Zachary and Elizabeth M. Fisher Center for Alzheimer's Research Foundation as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
May 11, 2011

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Statement of Financial Position

December 31, 2010

ASSETS

Cash and cash equivalents	\$ 5,725,183
Investments	11,859,641
Pledges receivable, net	1,548,694
Accounts receivable	46,275
Furniture and equipment, net of accumulated depreciation of \$90,674	<u>35,074</u>
	<u>\$ 19,214,867</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued liabilities	<u>\$ 29,180</u>
Net Assets	
Unrestricted	18,334,446
Temporarily restricted	<u>851,241</u>
Total Net Assets	<u>19,185,687</u>
	<u>\$ 19,214,867</u>

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Statement of Activities

Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,741,712	\$ 276,962	\$ 2,018,674
Government grants	111,986	-	111,986
In-kind contributions	218,026	-	218,026
Interest and dividends, net	264,828	-	264,828
Net assets released from restrictions	2,717,131	(2,717,131)	-
Total Support and Revenue	5,053,683	(2,440,169)	2,613,514
 EXPENSES			
Program services	3,569,222	-	3,569,222
Management and general	234,432	-	234,432
Fundraising	189,474	-	189,474
Total Expenses	3,993,128	-	3,993,128
Excess (Deficiency) of Support and Revenue Before Non-Operating Activity	1,060,555	(2,440,169)	(1,379,614)
 NON-OPERATING ACTIVITY			
Bequests	504,500	3,191,003	3,695,503
Realized gain on sale of investments	6,172	-	6,172
Unrealized appreciation of investments	147,073	-	147,073
Claim settlement	(68,650)	-	(68,650)
Change in Net Assets	1,649,650	750,834	2,400,484
 NET ASSETS			
Beginning of year	16,684,796	100,407	16,785,203
End of year	\$ 18,334,446	\$ 851,241	\$ 19,185,687

See notes to financial statements

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Statement of Functional Expenses

Year Ended December 31, 2010

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grant expenses - research	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Payroll and related benefits	539,769	179,998	114,014	833,781
Magazine publication	280,168	-	-	280,168
Website expenses	246,583	-	-	246,583
Office expenses and supplies	-	9,957	2,234	12,191
Accounting	-	20,000	-	20,000
Telephone and Internet	325	2,542	1,188	4,055
Postage	193	701	3,691	4,585
Travel, food and lodging	1,934	4,272	1,626	7,832
Advertising, promotions and marketing	-	-	40,069	40,069
Insurance	-	3,835	-	3,835
Credit card processing fees and bank charges	-	-	26,652	26,652
Depreciation	-	10,868	-	10,868
Miscellaneous	250	2,259	-	2,509
	<u>\$ 3,569,222</u>	<u>\$ 234,432</u>	<u>\$ 189,474</u>	<u>\$ 3,993,128</u>
Total Expenses				

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Statement of Cash Flows

Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,400,484
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	10,868
Donation of marketable securities	(22,407)
Unrealized appreciation of investments	(147,073)
Net realized gain on sale of investments	(6,172)
Changes in operating assets and liabilities	
Pledges receivable	437,400
Accounts receivable	9,609
Grants receivable	31,996
Accounts payable and accrued expenses	<u>(93,945)</u>
Net Cash From Operating Activities	<u>2,620,760</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	(2,368)
Proceeds from sale of investments	2,466,046
Purchases of investments	<u>(9,337,085)</u>
Net Cash From Investing Activities	<u>(6,873,407)</u>
Net Change in Cash and Cash Equivalents	(4,252,647)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>9,977,830</u>
End of year	<u><u>\$ 5,725,183</u></u>

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Notes to Financial Statements

1. Organization and Tax Status

The Zachary and Elizabeth M. Fisher Center for Alzheimer's Research Foundation (the "Foundation") was incorporated under the laws of the State of New York on October 24, 1995 and operates as a tax-exempt not-for-profit corporation under Section 501 (c)(3) of the Internal Revenue Code. The Foundation is an exempt public foundation under Section 509 (a)(1); accordingly, contributions made to the Foundation qualify for the maximum charitable deduction for federal income tax purposes.

Program Services

The Foundation was formed primarily to support research to be conducted at the Zachary and Elizabeth M. Fisher Center for Research on Alzheimer's Disease at The Rockefeller University in New York City (the "Research Center"), for the purpose of finding the cause(s) and developing a cure for Alzheimer's disease. In addition, the Foundation's objectives are:

1. To solicit support for its charitable purpose from the general public and governmental agencies; to receive, hold, and administer funds, securities, gifts and bequests; and to use, disburse or donate the income and principal thereof, exclusively for charitable, scientific and educational purposes.
2. To provide a source of funding for research activities into the cause, cure and/or care of Alzheimer's disease sufferers at other research facilities.

Management and General

Management and general expenses consist of the costs associated with the direction of the overall affairs of the Foundation, including accounting personnel and administrative services.

Fundraising Expenses

Fundraising expenses consist of the costs associated with the direct solicitation of contributions to the Foundation.

2. Summary of Significant Accounting Policies

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 the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and the reported amounts of support and revenue and expenses during the period then ended. Actual results could differ from those estimates.

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation

The net assets of the Foundation and changes therein are classified as unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets represent contributions with donor imposed restrictions that have not yet been satisfied. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Permanently restricted net assets are those which are established by donor gifts to provide a permanent endowment. There were no permanently restricted net assets at December 31, 2010.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Fair Value Measurements

The Foundation follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuation and Income Recognition

Investments other than cash investments are carried at fair value. Cash investments are valued at cost plus accrued interest. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (*continued*)

Pledges Receivable

Contributions, including unconditional commitments to give, are recorded as made or pledged at their present value. Pledges receivable represents contribution commitments made by various individuals who annually elect to participate in a payroll deduction program at their place of employment. The contributions are deducted from the employee payroll checks and remitted to the Foundation on a monthly basis. All pledges are expected to be received within the two year period following the year in which the pledge is made. All contributions are available for unrestricted use unless specifically restricted by the donor.

Furniture and Equipment

Office furniture and equipment are carried at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, which is generally five years. Purchases of \$400 or less are expensed. The Foundation follows the practice of charging repairs and maintenance to expense as incurred.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are classified as unrestricted, temporarily restricted, or permanently restricted support. If donor restrictions are met within the same reporting period as when the contribution was made, those contributions are recorded as unrestricted support.

In-kind Contributions

Contributions of donated non-cash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In 2010, the Foundation received pro bono website services valued at \$218,026. For 2010, the use of office space, land line telephones and various auxiliary services has been provided by the Intrepid Museum Foundation free of charge. No objective basis is available to measure the value of such donated services.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for 2010 were \$40,069.

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for tax years prior to December 31, 2007.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 11, 2011.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and cash equivalents and the investment portfolio. At times cash balances held at financial institutions may be in excess of federally insured limits. The Foundation has not experienced any losses on its cash deposits. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

4. Pledges Receivable

Pledges receivable at December 31, 2010 are as follows:

Receivable within one year	\$1,783,382
Allowance for uncollectible pledges	<u>(234,688)</u>
Total	<u>\$1,548,694</u>

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Notes to Financial Statements

5. Investments

Investments as of December 31, 2010 are summarized as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Measured at Fair Value			
Equity Securities			
Healthcare	\$ 13,725	\$ -	\$ 13,725
Financial	26,760	-	26,760
Oil and Gas	20,035	-	20,035
Conglomerates	1,829	-	1,829
Industrial Goods	1,014	-	1,014
Mutual Funds			
Short Term Bond Funds	1,033,746	-	1,033,746
Intermediate Term Bond Funds	1,530,107	-	1,530,107
Large Blend Funds	561,900	-	561,900
Large Value Funds	459,967	-	459,967
Large Growth Funds	500,695	-	500,695
International Stock Funds	267,781	-	267,781
International Bond Funds	467,401	-	467,401
US Government Bonds	-	101,372	101,372
Total at fair value	<u>4,884,960</u>	<u>101,372</u>	4,986,332
Cash investments, at cost plus accrued interest:			
Temporary cash investments			1,142,622
Certificates of deposit			<u>5,730,687</u>
Total Investments			<u>11,859,641</u>

Investment income for 2010 consisted of the following:

Interest and dividends	\$ 283,810
Realized and unrealized gains	153,245
Management fees	<u>(18,982)</u>
	<u>\$ 418,073</u>

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Notes to Financial Statements

6. Related Party Transactions

A member of the Foundation's Board is an officer in a Bank wherein the Foundation holds approximately \$4 million in certificates of deposit. The Foundation's Board and management recognize the special nature of the related party relationship and have implemented a special review and approval policy for all transactions with the Bank. Accordingly, the Bank's performance and financial strength is reviewed regularly and each transaction with the Bank is explicitly approved by the Foundation's Investment Committee and Board of Trustees.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2010:

Research Center	\$ 791,003
Preserving Your Memory magazine publication	<u>60,238</u>
	<u>\$ 851,241</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the following purposes during 2010:

Research Center	\$ 2,436,962
Preserving Your Memory magazine publication	<u>280,169</u>
	<u>\$ 2,717,131</u>

8. Retirement Plan

The Foundation has a Section 401(k) pension plan for substantially all eligible full time employees. Plan expense for 2010 amounted to \$2,992.

9. Claim Settlement

During 2010 the Foundation resolved a former employee's 2007 grievance by entering into a settlement agreement with the former employee. The cost of the settlement was \$68,650, which included legal fees, and was net of insurance recovery.

The terms of the settlement agreement release the Foundation from any future claims by the former employee related to this matter and no further liability has been recorded at December 31, 2010.

**The Zachary and Elizabeth M. Fisher
Center for Alzheimer's Research Foundation**

Notes to Financial Statements

10. Prior Period Adjustment

During 2010, the Foundation wrote off pledges initially recorded in 2008. The Foundation did not record an allowance for uncollectible pledges in 2008. The effect of the entry was a decrease of \$202,711 in accounts receivable and unrestricted net assets as of December 31, 2009.