

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

Financial Statements

December 31, 2018

## **Independent Auditors' Report**

### **Board of Trustees**

**The Zachary and Elizabeth M. Fisher**

**Center for Alzheimer's Research Foundation**

We have audited the accompanying financial statements of The Zachary and Elizabeth M. Fisher Center for Alzheimer's Research Foundation, which comprise the statement of financial position as of December 31, 2018, and the related statements 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 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, 2018, 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.

***Change in Accounting Principle***

As discussed in note 2 to the financial statements, during the year ended December 31, 2018, The Zachary and Elizabeth M. Fisher Center for Alzheimer's Research Foundation adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

***Report on Summarized Comparative Information***

We have previously audited The Zachary and Elizabeth M. Fisher Center for Alzheimer's Research Foundation's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report October 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

October 24, 2019

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

Statement of Financial Position  
December 31, 2018  
(with comparative amounts at December 31, 2017)

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,219,707	\$ 4,473,400
Pledges receivable from federated campaigns, net	375,087	399,895
Contributions receivable	377,920	738,004
Investments	20,226,002	21,741,685
Other assets	7,860	-
Furniture and equipment, net of accumulated depreciation of \$9,095 and \$8,821 in 2018 and 2017	3,711	932
	<b>\$ 26,210,287</b>	<b>\$ 27,353,916</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued liabilities	\$ 171,203	\$ 122,128
Grant payable, net of discount	3,373,361	3,992,654
Total Liabilities	3,544,564	4,114,782
Net Assets		
Without donor restrictions	22,284,312	22,839,239
With donor restrictions	381,411	399,895
Total Net Assets	22,665,723	23,239,134
Total Liabilities and Net Assets	<b>\$ 26,210,287</b>	<b>\$ 27,353,916</b>

See notes to financial statements

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

Statement of Activities  
Year Ended December 31, 2018  
(with summarized totals for the year ended December 31, 2017)

	2018			2017 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 3,977,680	\$ 601,758	\$ 4,579,438	\$ 4,032,248
Bequests	786,653	-	786,653	2,033,853
In-kind contributions	198,103	-	198,103	353,978
Net assets released from restrictions	<u>620,242</u>	<u>(620,242)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>5,582,678</u>	<u>(18,484)</u>	<u>5,564,194</u>	<u>6,420,079</u>
<b>EXPENSES</b>				
Program services	3,968,567	-	3,968,567	4,507,292
Management and general	338,586	-	338,586	255,814
Fundraising	<u>294,764</u>	<u>-</u>	<u>294,764</u>	<u>250,356</u>
Total Expenses	<u>4,601,917</u>	<u>-</u>	<u>4,601,917</u>	<u>5,013,462</u>
Excess (Deficiency) of Support and Revenue Over Expenses Before Non-Operating Activity	980,761	(18,484)	962,277	1,406,617
<b>NON-OPERATING ACTIVITY</b>				
Interest and dividends, net of investment advisory fees	292,013	-	292,013	282,574
Realized and unrealized depreciation of investments	<u>(1,827,701)</u>	<u>-</u>	<u>(1,827,701)</u>	<u>2,404,608</u>
Change in Net Assets	(554,927)	(18,484)	(573,411)	4,093,799
<b>NET ASSETS</b>				
Beginning of year	<u>22,839,239</u>	<u>399,895</u>	<u>23,239,134</u>	<u>19,145,335</u>
End of year	<u>\$ 22,284,312</u>	<u>\$ 381,411</u>	<u>\$ 22,665,723</u>	<u>\$ 23,239,134</u>

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, 2018  
(with summarized totals for the year ended December 31, 2017)

	2018			2017	
	Program Services	Management and General	Fundraising	Total	Total
Grant expenses - research	\$2,820,707	\$ -	\$ -	\$2,820,707	\$3,298,278
Payroll and related benefits	707,402	183,633	203,091	1,094,126	896,563
Magazine publication and other contracted services	123,882	-	-	123,882	185,823
Travel and production costs (film)	89,064	-	-	89,064	-
Website expenses (including \$86,576 and \$309,125 of in-kind for 2018 and 2017)	126,948	-	-	126,948	334,586
Office expenses and supplies	-	10,223	16,977	27,200	9,946
Legal	-	18,400	-	18,400	29,807
Accounting	-	25,100	-	25,100	24,000
Telephone and internet	-	5,624	1,061	6,685	2,820
Occupancy (in-kind)	72,107	18,718	20,702	111,527	44,853
Postage	-	5,513	1,337	6,850	7,206
Travel, food and lodging	23,457	24,238	2,442	50,137	40,648
Advertising	-	-	3,601	3,601	9,950
Insurance	-	11,127	-	11,127	10,961
Subscription, representation and credit card processing fees	-	-	35,234	35,234	27,915
Depreciation	-	591	-	591	559
Uncollectible pledges	-	-	-	-	80,150
Miscellaneous	-	-	-	-	9,397
Recruiting, fees and other	5,000	35,419	10,319	50,738	-
<b>Total Expenses</b>	<b><u>\$3,968,567</u></b>	<b><u>\$ 338,586</u></b>	<b><u>\$ 294,764</u></b>	<b><u>\$4,601,917</u></b>	<b><u>\$5,013,462</u></b>

See notes to financial statements

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

Statement of Cash Flows  
Year Ended December 31, 2018  
(with comparative amounts at December 31, 2017)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (573,411)	\$ 4,093,799
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	591	559
Donation of marketable securities	(62,725)	(98,398)
Realized and unrealized depreciation (appreciation) of investments	1,827,701	(2,404,608)
Uncollectible pledges	-	80,150
Changes in operating assets and liabilities		
Pledges receivable from federated campaigns	24,808	27,859
Contributions receivable	360,084	711,219
Other assets	(7,860)	-
Accounts payable and accrued liabilities	49,075	(1,726)
Grant payable	(619,293)	(601,722)
Net Cash from Operating Activities	998,970	1,807,132
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	9,327,703	6,226,608
Purchases of investments	(9,463,565)	(6,900,525)
Change in investment cash	(113,431)	(96,686)
Purchases of furniture and equipment	(3,370)	-
Net Cash from Investing Activities	(252,663)	(770,603)
Net Change in Cash and Cash Equivalents	746,307	1,036,529
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	4,473,400	3,436,871
End of year	\$ 5,219,707	\$ 4,473,400

See notes to financial statements

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

Notes to Financial Statements  
December 31, 2018

**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:

- 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.
- 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 finance, accounting and administrative services.

***Fundraising***

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

**2. Summary of Significant Accounting Policies**

***Basis of Accounting***

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.



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

Notes to Financial Statements  
December 31, 2018

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

***Change in Accounting Principle***

On January 1, 2018, the Foundation adopted new guidance regarding the *Presentation of Financial Statements for Not-for-Profit Entities*. This guidance required the Foundation to collapse the three-category (unrestricted, temporarily restricted and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Foundation to make certain expanded disclosures relating to (1) the liquidity of financial assets and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior year amounts for temporarily restricted net assets are now presented as net assets with donor restrictions, and unrestricted net assets are now presented as net assets without donor restrictions.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP 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.

***Fair Value Measurements***

The Foundation follows U.S. GAAP 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.

***Cash and Cash Equivalents***

The Foundation considers all cash deposited with banks and short-term investments with a maturity of three months or less at the time of purchase to be cash equivalents, except cash managed as a component of the Foundation's investment portfolio.

***Measure of Operations***

The Foundation includes in its measure of operations all revenues and expenses that are an integral part of its program and supporting activities and excludes investment return including realized and unrealized gains and losses within the investment portfolio.

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

Notes to Financial Statements  
December 31, 2018

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

***Contributions and 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 use without donor restrictions unless specifically restricted by the donor.

Contributions received and unconditional promises to give are measured at their net realizable values and are classified as support without or with donor restrictions. Unconditional promises to give due in subsequent years are recorded at their net present value of estimated future cash flows using risk-adjusted interest rates.

***Allowance for Uncollectible Pledges***

An allowance for uncollectible pledges is estimated based on a combination of collection history and aging analysis. Management has recorded bad debt expense for pledges where collections are doubtful. The remaining pledges receivable are considered collectible and accordingly no allowance for uncollectible pledges is deemed necessary at December 31, 2018 and 2017.

***Investments Valuation and Income Recognition***

Investments other than certificates of deposit and temporary 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.

***Furniture and Equipment***

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 charges repairs and maintenance to expense as incurred.

***Net Assets***

The Foundation's net assets and changes therein are classified as without or with donor restrictions based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Net assets with donor restrictions represent contributions with donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

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

Notes to Financial Statements  
December 31, 2018

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

***Functional Allocation of Expenses***

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are recorded according to their natural expenditure classification; these expenses include grant expenses – research, magazine publication and other contracted services, production and travel costs and website expenses. Costs that are common to several functions are allocated among the program and supporting services based on time and effort records and estimates made by the Foundation's management; these include payroll and related benefits, occupancy and travel, food and lodging.

***In-kind Contributions***

Contributions of donated non-cash assets are recorded at their fair 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 2018 and 2017, the Foundation received pro bono website services valued at \$86,576 and \$309,125. Additionally, the use of office space, land line telephones and various auxiliary services valued at \$111,527 and \$44,853 have been provided free of charge.

***Advertising Costs***

Advertising costs are expensed as incurred. Total advertising costs for 2018 and 2017 were \$3,601 and \$9,950.

***Accounting for Uncertainty in Income Taxes***

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for tax years prior to 2015.

***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 October 24, 2019.

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

Notes to Financial Statements  
December 31, 2018

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

***Prior Year Information***

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation’s financial statements as of and for the year ended December 31, 2017 from which the summary comparative information was derived.

**3. Credit Risk Concentration**

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and cash equivalents, investments, pledges and contributions receivable. 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 investment and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk. Concentrations of credit risk with respect to pledges and contributions receivable are generally diversified due to the large number of individuals composing the Foundation’s donor base.

**4. Pledges Receivable from Federated Fund-Raising Agreements**

The Foundation has agreements with various federated campaigns across the United States to participate in solicitations for contributions from employees of businesses and industrial communities. The amount the Foundation recognizes as support from these federated campaigns is based primarily upon formulas contained in these agreements, net of the federated campaigns’ fundraising expenses.

During 2018 and 2017, \$271,115 and \$299,568 were estimated to be pledged through federated campaigns. These amounts have been recorded as contribution revenue in the statement of activities and is expected to be fully collected by 2020 and 2019. Estimated payments to be received after December 31, 2019 and 2018 are discounted to their present value using an interest rate of 5.10% and 4.75%.

Total pledges receivable from current and prior year federated campaigns at December 31, 2018 are summarized as follows:

Receivable within one year	\$ 246,437
Receivable within two years	135,558
Discount to present value	<u>(6,908)</u>
Total	<u>\$ 375,087</u>

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

Notes to Financial Statements  
December 31, 2018

**5. Investments and Investment Return**

All of the Foundation's investments, other than certificates of deposit and temporary cash investments, bought, sold and held were valued using Level 1 inputs under the fair value hierarchy. Investments consist of the following at December 31:

Measured at Fair Value	2018	2017
Equity Securities		
Services	\$ 389,690	\$ 1,237,011
Technology	1,940,293	1,296,501
Financial	991,945	1,337,992
Healthcare	1,530,305	1,014,422
Consumer goods	1,215,060	1,568,612
Materials	295,066	421,538
Energy	170,479	-
Industrial goods	798,719	1,091,383
Mutual Funds and Exchange-Traded Funds		
Large blend funds	735,217	510,404
Large value funds	91,283	31,209
Large growth funds	74,073	-
Mid-cap value funds	86,186	-
Mid-cap blend funds	265,306	-
Small value funds	50,985	-
Small blend funds	120,771	108,633
Open end funds	100,826	-
Global large-cap value fund	5,644,918	7,568,618
Total at Fair Value	14,501,122	16,186,323
Cash Investments, at Cost plus Accrued Interest		
Temporary cash investments	403,413	289,982
Certificates of deposit	5,321,467	5,265,380
Total Investments	\$ 20,226,002	\$ 21,741,685

Investment return for 2018 and 2017 consists of the following:

Interest and dividends	\$ 324,830	\$ 331,693
Net realized and unrealized (depreciation) appreciation	(1,827,701)	2,404,608
Direct investment advisory fees	(32,817)	(49,119)
	\$(1,535,688)	\$ 2,687,182

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

Notes to Financial Statements  
December 31, 2018

**6. Related Party Transactions**

A member of the Foundation's Board is an officer in a bank wherein the Foundation holds approximately \$7 million in assets. The Foundation's Board and management recognize the nature of the related party relationship and have implemented a special review and approval policy for all transactions with this 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.

**7. Grant Payable**

In October 2016, the Foundation entered into a gift agreement to provide \$5 million to The Rockefeller University to establish the Paul Greengard Professorship in Neuroscience to recognize Nobel Laureate Dr. Paul Greengard, Director of the Fisher Center for Alzheimer's Research. The purpose of the Greengard Professorship is to ensure a continued commitment to the outstanding research by the Fisher Center for Alzheimer's Research Lab. The gift will be fulfilled over a seven year period, with the first payment made in 2017.

The Foundation has recorded a grant payable, net of discounts to present value, for this commitment. Gross payments of \$2,855,000 due in 2020 and later, were discounted to present value using a discount rate of 2.92%. Grant payable in the accompanying statement of financial position is due as follows at December 31, 2018:

Less than one year	\$ 715,000
Greater than one year	<u>2,855,000</u>
	3,570,000
Discount to present value	<u>(196,639)</u>
Total	<u>\$ 3,373,361</u>

**8. Net Assets With Donor Restrictions**

Changes in net assets with donor restrictions consist of the following during 2018 and 2017:

Purpose / Restriction	Balance at December 31, 2017	Additions	Releases	Balance at December 31, 2018
Research	\$ -	\$ 337,551	\$ (337,551)	\$ -
Time restrictions	<u>399,895</u>	<u>264,207</u>	<u>(282,691)</u>	<u>381,411</u>
	<u>\$ 399,895</u>	<u>\$ 601,758</u>	<u>\$ (620,242)</u>	<u>\$ 381,411</u>

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

Notes to Financial Statements  
December 31, 2018

**8. Net Assets With Donor Restrictions (continued)**

<u>Purpose / Restriction</u>	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at December 31, 2017</u>
Research	\$ -	\$ 25,000	\$ (25,000)	\$ -
Time restrictions	<u>507,904</u>	<u>292,776</u>	<u>(400,785)</u>	<u>399,895</u>
	<u>\$ 507,904</u>	<u>\$ 317,776</u>	<u>\$ (425,785)</u>	<u>\$ 399,895</u>

**9. Retirement Plan**

The Foundation has a Section 401(k) plan for all eligible full time employees. Plan expense for 2018 and 2017 amounted to \$3,424 and \$6,834.

**10. Liquidity and Availability of Financial Assets**

The Foundation's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows:

Financial assets:	
Cash and cash equivalents	\$ 5,219,707
Pledges receivable from federated campaigns	375,087
Contributions receivable	377,920
Investments	<u>20,226,002</u>
Total Financial Assets	26,198,716
Less donor restricted amounts	<u>(381,411)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 25,817,305</u>

The Foundation relies primarily on contributions and grants and investment income to cover annual expenses.

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