

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

Financial Statements

December 31, 2015



## 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, 2015, 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, 2015, 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.

*PKF O'Connor Davies, LLP*

August 18, 2016

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

Statement of Financial Position  
December 31, 2015

**ASSETS**

Cash and cash equivalents	\$ 4,473,790
Pledges receivable from federated campaigns, net	596,924
Contributions receivable	530,299
Investments	16,670,710
Furniture and equipment, net of accumulated depreciation of \$6,722	<u>2,714</u>
	<u>\$ 22,274,437</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable and accrued liabilities	<u>\$ 120,896</u>
Net Assets	
Unrestricted	21,556,617
Temporarily restricted	<u>596,924</u>
Total Net Assets	<u>22,153,541</u>
	<u>\$ 22,274,437</u>

See notes to financial statements

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

Statement of Activities  
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 2,421,289	\$ 684,785	\$ 3,106,074
Bequests	308,841	-	308,841
In-kind contributions	548,364	-	548,364
Net assets released from restrictions	<u>624,933</u>	<u>(624,933)</u>	<u>-</u>
Total Support and Revenue	<u>3,903,427</u>	<u>59,852</u>	<u>3,963,279</u>
<b>EXPENSES</b>			
Program services	4,113,711	-	4,113,711
Management and general	162,991	-	162,991
Fundraising	<u>238,314</u>	<u>-</u>	<u>238,314</u>
Total Expenses	<u>4,515,016</u>	<u>-</u>	<u>4,515,016</u>
Excess (Deficiency) of Support and Revenue Over Expenses Before Non-Operating Activity	(611,589)	59,852	(551,737)
<b>NON-OPERATING ACTIVITY</b>			
Interest and dividends, net of investment advisory fees	414,212	-	414,212
Realized gain on sale of investments	279,515	-	279,515
Unrealized depreciation of investments	<u>(670,637)</u>	<u>-</u>	<u>(670,637)</u>
Change in Net Assets	(588,499)	59,852	(528,647)
<b>NET ASSETS</b>			
Beginning of year	<u>22,145,116</u>	<u>537,072</u>	<u>22,682,188</u>
End of year	<u>\$ 21,556,617</u>	<u>\$ 596,924</u>	<u>\$ 22,153,541</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, 2015

	Program Services	Management and General	Fundraising	Total
Grant expenses - research	\$2,625,000	\$ -	\$ -	\$ 2,625,000
Payroll and related benefits	630,816	101,283	168,560	900,659
Magazine publication and other contracted services	234,285	-	-	234,285
Website expenses	547,891	-	-	547,891
Office expenses and supplies	-	10,160	1,186	11,346
Accounting	-	22,000	-	22,000
Telephone and Internet	-	4,674	1,203	5,877
Occupancy (in-kind)	46,900	7,370	12,730	67,000
Postage	-	1,529	3,527	5,056
Travel, food and lodging	26,766	2,120	930	29,816
Advertising	-	-	19,821	19,821
Insurance	-	6,686	-	6,686
Subscription, representation and credit card processing fees	-	-	28,375	28,375
Depreciation	-	1,661	-	1,661
Miscellaneous	2,053	5,508	1,982	9,543
<b>Total Expenses</b>	<b><u>\$4,113,711</u></b>	<b><u>\$ 162,991</u></b>	<b><u>\$ 238,314</u></b>	<b><u>\$ 4,515,016</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, 2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (528,647)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	1,661
Donation of marketable securities	(72,344)
Unrealized depreciation of investments	(670,637)
Realized gain on sale of investments	279,515
Changes in operating assets and liabilities	
Pledges receivable from federated campaigns	(59,852)
Contributions receivable	(88,116)
Accounts payable and accrued liabilities	<u>49,251</u>
 Net Cash From Operating Activities	 <u>(1,089,169)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of equipment	(1,423)
Proceeds from sale of investments	5,648,143
Purchases of investments	(4,600,489)
Change in investment cash	<u>(908,327)</u>
Net Cash From Investing Activities	<u>137,904</u>
Net Change in Cash and Cash Equivalents	(951,265)

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>5,425,055</u>
 End of year	 <u>\$ 4,473,790</u>

See notes to financial statements

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

Notes to Financial Statements  
December 31, 2015

**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 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  
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Notes to Financial Statements  
December 31, 2015

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

***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.

***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 unrestricted use unless specifically restricted by the donor.



**The Zachary and Elizabeth M. Fisher  
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Notes to Financial Statements  
December 31, 2015

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

***Contributions and Pledges Receivable (continued)***

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. 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 estimated no allowance for uncollectible pledges at December 31, 2015.

***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 unrestricted, temporarily restricted or 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 or are time restricted. 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, 2015.

**The Zachary and Elizabeth M. Fisher  
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Notes to Financial Statements  
December 31, 2015

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

***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 2015, the Foundation received pro bono website services valued at \$481,364. Additionally, the use of office space, land line telephones and various auxiliary services valued at \$67,000 has been provided free of charge.

***Advertising Costs***

Advertising costs are expensed as incurred. Total advertising costs for 2015 were \$19,821.

***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 2012.

***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 August 18, 2016.

**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 accounts 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 investments 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 accounts 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.

**The Zachary and Elizabeth M. Fisher  
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Notes to Financial Statements  
December 31, 2015

**4. Pledges Receivable from Federated Fund-Raising Agreements (continued)**

During 2015, \$420,000 was estimated to be pledged through federated campaigns. This amount has been recorded as contribution revenue in the statement of activities and is expected to be fully collected by 2017. Estimated payments to be received after December 31, 2016 are discounted to their present value using an interest rate of 3.92%. Total pledges receivable from current and prior year federated campaigns at December 31, 2015 are summarized as follows:

Receivable within one year	\$ 394,845
Receivable within two years	210,000
Discount to present value	<u>(7,921)</u>
Total	<u><u>\$ 596,924</u></u>

**5. Investments and Investment Return**

As of December 31, 2015, 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, 2015:

Measured at Fair Value

Equity Securities	
Services	\$ 1,942,804
Technology	996,279
Financial	907,972
Healthcare	1,447,938
Consumer goods	256,488
Materials	435,965
Industrial goods	369,543
Mutual Funds	
Short term bond funds	598,017
Intermediate Term Bond Fund	1,742,652
Large blend funds	1,048,989
Large value funds	631,663
World Stock Fund	671,044
Large growth funds	563,377
World Bond Fund	739,587
Oil and gas	<u>49,474</u>
Total at Fair Value	12,401,792
Cash Investments, at Cost plus Accrued Interest	
Temporary cash investments	490,200
Certificates of deposit	<u>3,778,718</u>
Total Investments	<u><u>\$ 16,670,710</u></u>

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

Notes to Financial Statements  
December 31, 2015

**5. Investments and Investment Return (continued)**

Investment income for 2015 consists of the following:

Interest and dividends	\$ 491,655
Net realized and unrealized losses	(391,122)
Investment advisory fees	<u>(77,443)</u>
	<u>\$ 23,090</u>

**6. Related Party Transactions**

A member of the Foundation's Board is an officer in a bank wherein the Foundation holds approximately \$3.8 million in certificates of deposit. 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. Temporarily Restricted Net Assets**

Changes in the temporarily restricted net assets consist of the following:

<u>Purpose / Restriction</u>	<u>Balance at December 31, 2014</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at December 31, 2015</u>
Magazine publications	\$ -	\$ 1,706	\$ (1,706)	\$ -
Research	-	271,000	(271,000)	-
Time restrictions	<u>537,072</u>	<u>412,079</u>	<u>(352,227)</u>	<u>596,924</u>
	<u>\$ 537,072</u>	<u>\$ 684,785</u>	<u>\$ (624,933)</u>	<u>\$ 596,924</u>

**8. Retirement Plan**

The Foundation has a Section 401(k) plan for all eligible full time employees. Plan expense for 2015 amounted to \$6,631.

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