

# **ALZHEIMER'S DRUG DISCOVERY FOUNDATION**



Alzheimer's  
**Drug Discovery**  
Foundation

## **Financial Statements (Together with Independent Auditors' Report)**

**Years Ended December 31, 2024 and 2023**

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

The Board of Governors  
Alzheimer's Drug Discovery Foundation  
New York, NY

### **Opinion**

We have audited the financial statements of Alzheimer's Drug Discovery Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alzheimer's Drug Discovery Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.

New York, NY  
September 8, 2025

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2I and 14B)	\$ 7,163,054	\$ 452,097
Investments (Notes 2D, 2E, 6 and 7)	118,376,795	132,106,370
Contributions receivable, net (Notes 2F, 4 and 14A)	170,715,532	188,735,033
Other assets	1,021,564	490,326
Operating lease right-of-use asset (Notes 2L and 10)	1,983,014	2,231,895
Property and equipment, net (Notes 2K and 8)	134,734	157,807
<b>TOTAL ASSETS</b>	<b>\$ 299,394,693</b>	<b>\$ 324,173,528</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,274,049	\$ 2,790,497
Mission related investments payable (Note 9)	75,579,333	58,002,921
Deferred revenue (Note 2G)	1,437,114	1,034,282
Operating lease liability (Notes 2L and 10)	2,127,430	2,355,247
<b>TOTAL LIABILITIES</b>	<b>82,417,926</b>	<b>64,182,947</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 13)		
<b>NET ASSETS</b> (Notes 2B and 12)		
Without donor restrictions	64,971,491	74,577,885
With donor restrictions	152,005,276	185,412,696
<b>TOTAL NET ASSETS</b>	<b>216,976,767</b>	<b>259,990,581</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 299,394,693</b>	<b>\$ 324,173,528</b>

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	For the Year Ended December 31, 2024			For the Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions and grants (Notes 2F and 14A)	\$ 8,892,816	\$ 25,294,834	\$ 34,187,650	\$ 8,999,326	\$ 18,209,675	\$ 27,209,001
Proceeds from special events, net of direct benefits to donors (Notes 2G and 5)	1,410,902	-	1,410,902	3,063,868	-	3,063,868
Mission related investment returns (Note 9)	5,841,351	-	5,841,351	4,205,157	-	4,205,157
Investment income (Note 6)	462,223	2,927,256	3,389,479	3,714,719	-	3,714,719
Net assets released from restrictions (Note 12)	61,629,510	(61,629,510)	-	54,757,830	(54,757,830)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>78,236,802</u>	<u>(33,407,420)</u>	<u>44,829,382</u>	<u>74,740,900</u>	<u>(36,548,155)</u>	<u>38,192,745</u>
<b>EXPENSES (Note 2J):</b>						
Program services:						
Core	52,153,685	-	52,153,685	41,532,692	-	41,532,692
Diagnostic's Accelerator	29,647,808	-	29,647,808	14,052,735	-	14,052,735
Total program services	<u>81,801,493</u>	<u>-</u>	<u>81,801,493</u>	<u>55,585,427</u>	<u>-</u>	<u>55,585,427</u>
Supporting services:						
Management and general	2,527,998	-	2,527,998	2,223,793	-	2,223,793
Fundraising	3,513,705	-	3,513,705	3,905,118	-	3,905,118
Total supporting services	<u>6,041,703</u>	<u>-</u>	<u>6,041,703</u>	<u>6,128,911</u>	<u>-</u>	<u>6,128,911</u>
<b>TOTAL EXPENSES</b>	<u>87,843,196</u>	<u>-</u>	<u>87,843,196</u>	<u>61,714,338</u>	<u>-</u>	<u>61,714,338</u>
<b>CHANGE IN NET ASSETS</b>	(9,606,394)	(33,407,420)	(43,013,814)	13,026,562	(36,548,155)	(23,521,593)
Net assets - beginning of year	<u>74,577,885</u>	<u>185,412,696</u>	<u>259,990,581</u>	<u>61,551,323</u>	<u>221,960,851</u>	<u>283,512,174</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 64,971,491</u>	<u>\$ 152,005,276</u>	<u>\$ 216,976,767</u>	<u>\$ 74,577,885</u>	<u>\$ 185,412,696</u>	<u>\$ 259,990,581</u>

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)**

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total 2024</u>	<u>Total 2023</u>
	<u>Core</u>	<u>Diagnostic's Accelerator</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		
Mission related investments (Note 9)	\$ 45,414,516	\$ 27,837,716	\$ 73,252,232	\$ -	\$ -	\$ -	\$ 73,252,232	\$ 47,673,524
Salaries, payroll taxes and employee benefits (Note 11)	4,584,107	1,033,008	5,617,115	1,385,005	1,858,951	3,243,956	8,861,071	8,326,107
Website design, public relations and rebranding	-	-	-	-	131,566	131,566	131,566	420,744
Venue, catering and other special event expenses	-	-	-	-	1,807,110	1,807,110	1,807,110	1,629,435
Professional fees	564,236	478,428	1,042,664	489,534	155,244	644,778	1,687,442	2,242,795
Honorarium and internships	-	-	-	-	-	-	-	-
Communications and publications	191,797	-	191,797	89,530	166,861	256,391	448,188	573,425
Occupancy (Note 10)	203,504	-	203,504	118,537	97,628	216,165	419,669	390,662
Sponsored conferences, meetings and travel	1,037,831	293,437	1,331,268	210,414	143,300	353,714	1,684,982	732,283
Depreciation expense (Note 8)	-	-	-	41,311	-	41,311	41,311	43,675
Miscellaneous office expenses	157,694	5,219	162,913	193,667	125,351	319,018	481,931	468,264
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(972,306)</u>	<u>(972,306)</u>	<u>(972,306)</u>	<u>(786,576)</u>
Less: Direct benefits to donors (Notes 2G and 5)	-	-	-	-	(972,306)	(972,306)	(972,306)	(786,576)
<b>TOTAL EXPENSES</b>	<u>\$ 52,153,685</u>	<u>\$ 29,647,808</u>	<u>\$ 81,801,493</u>	<u>\$ 2,527,998</u>	<u>\$ 3,513,705</u>	<u>\$ 6,041,703</u>	<u>\$ 87,843,196</u>	<u>\$ 61,714,338</u>

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

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services			Supporting Services			Total 2023
	Core	Diagnostic's Accelerator	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Mission related investments (Note 9)	\$ 35,348,115	\$ 12,325,409	\$ 47,673,524	\$ -	\$ -	\$ -	\$ 47,673,524
Salaries, payroll taxes and employee benefits (Note 11)	4,254,864	651,827	4,906,691	1,339,000	2,080,416	3,419,416	8,326,107
Website design, public relations and rebranding	156,337	-	156,337	79,160	185,247	264,407	420,744
Venue, catering and other special event direct expenses	-	-	-	-	1,629,435	1,629,435	1,629,435
Professional fees	594,877	1,002,996	1,597,873	324,887	320,035	644,922	2,242,795
Honorarium and internships	-	-	-	-	-	-	-
Communications and publications	318,038	-	318,038	96,398	158,989	255,387	573,425
Occupancy (Note 10)	188,657	-	188,657	95,525	106,480	202,005	390,662
Sponsored conferences, meetings and travel	517,452	71,050	588,502	36,553	107,228	143,781	732,283
Depreciation expense (Note 8)	-	-	-	43,675	-	43,675	43,675
Miscellaneous office expenses	154,352	1,453	155,805	208,595	103,864	312,459	468,264
Less: Direct benefits to donors (Notes 2G and 5)	-	-	-	-	(786,576)	(786,576)	(786,576)
<b>TOTAL EXPENSES</b>	<b>\$ 41,532,692</b>	<b>\$ 14,052,735</b>	<b>\$ 55,585,427</b>	<b>\$ 2,223,793</b>	<b>\$ 3,905,118</b>	<b>\$ 6,128,911</b>	<b>\$ 61,714,338</b>

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

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (43,013,814)	\$ (23,521,593)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	41,311	43,675
Realized and unrealized loss (gain) on investments, net	612,867	(680,619)
Reduction in carrying amount of right-of-use asset - operating leases	21,064	(2,411)
Subtotal	(42,338,572)	(24,160,948)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	18,019,501	24,409,634
Other assets	(531,238)	(132,954)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	483,552	195,544
Mission related investments payable	17,576,412	7,153,213
Deferred revenue	402,832	397,258
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(6,387,513)</b>	<b>7,861,747</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property and equipment acquisitions	(18,238)	(41,421)
Proceeds from sale of investments	36,317,229	455,706,533
Purchase of investments	(23,200,521)	(472,754,336)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>13,098,470</b>	<b>(17,089,224)</b>
<b>NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,710,957</b>	<b>(9,227,477)</b>
Cash and cash equivalents - beginning of year	452,097	9,679,574
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 7,163,054</b>	<b>\$ 452,097</b>

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

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Alzheimer's Drug Discovery Foundation (the "Foundation") is a not-for-profit, tax-exempt organization incorporated in Delaware in April 2004 whose mission is to rapidly accelerate the discovery of drugs to prevent, treat and cure Alzheimer's disease.

The Foundation is exempt from federal income taxes under Section 501(a) of the United States Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. Contributions to the Foundation are tax deductible within the limits prescribed by the Code. The Foundation is also exempt from state and local income taxes.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting***

The financial statements of the Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("GAAP").

**B. *Basis of Presentation***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – represents net assets that are not subject to donor-imposed restrictions and may be expended for the purpose of performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and board of governors.
- *Net Assets With Donor Restrictions* – represents net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity. Donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**C. *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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**D. *Investments***

The Foundation has an investment policy in compliance with the New York State Prudent Management of Institutional Funds Act. Investments in equity and fixed-income securities and mutual funds are reported at their fair values, based on quoted market prices in active markets at the published market closing prices at the statements of financial position date.

Gains and losses on securities are determined by a comparison of specific costs at acquisition to proceeds at the time of disposal, or to the fair values at year end, and are reported in the accompanying statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Dividend and interest income are recognized when earned.

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. *Fair Value Measurements***

Investments are reported at fair value based upon quoted market value. Donated securities are recorded at their fair value, as determined using quoted market prices, at the date of donation. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 7.

**F. *Contributions and Grants***

The Foundation records contributions of cash and other assets when received or when the unconditional promise to give such assets is received from the donor. Contributions are recorded at the fair value of the assets received and are classified as net assets without donor restrictions and net assets with donor restrictions, based on the existence and/or nature of donor restrictions. The Foundation reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, 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 statements of activities as net assets released from restrictions.

As of both December 31, 2024 and 2023, the Foundation determined that an allowance for uncollectible contributions receivable was not necessary. The determination is based on a combination of factors, such as management's estimate of the creditworthiness of the contributors, a review of individual accounts outstanding and the aged basis of the receivable and historical experience.

**G. *Special Events Revenue***

Special events revenue, other than contributions, applicable to the current year are recognized as revenue in the year the event takes place. Special events revenue received for a future year's event are deferred and recognized when the event takes place.

**H. *Contributed Services***

The Foundation recognizes contributions of service which create or enhance non-financial assets, require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributed services and promises to give services that do not meet the above criteria are not recognized in the financial statements.

**I. *Cash and Cash Equivalents***

The Foundation considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

**J. *Functional Allocation of Expenses***

The costs of providing various programs and other activities of the Foundation have been summarized on a functional basis in the statements of functional expenses. The majority of the Foundation's expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function, such as rent, depreciation, website expenses, office expenses and Human Resources are allocated on a pro rata basis by headcount.

**K. *Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Foundation capitalizes property and equipment with a cost of \$2,000 or more and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Leases**

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in operating lease right-of-use ("ROU") asset and lease liability in the statements of financial position. ROU asset and lease liability reflect the present value of future minimum lease payments over the lease term. The Foundation does not report ROU asset and lease liability for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expenses on a straight-line basis over the lease term.

**M. Reclassifications**

Prior year purchases and sales of investments on the statement of cash flows have been reclassified for comparative purposes to confirm with the presentation in the current year financial statements.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURE**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 7,163,054	\$ 452,097
Investments	118,376,795	132,106,370
Contributions receivable, net	<u>170,715,532</u>	<u>188,735,033</u>
Total financial assets	296,255,381	321,293,500
Less: Net assets with donor restrictions	<u>(152,005,276)</u>	<u>(185,412,696)</u>
	<u>\$ 144,250,105</u>	<u>\$ 135,880,804</u>

The Foundation invests cash in excess of daily requirements in short-term investments, typically money market funds and U.S. Treasury Bills.

**NOTE 4 – CONTRIBUTIONS RECEIVABLE, NET**

The Foundation records contributions receivable that are expected to be collected within one year at realizable value and multi-year contributions receivable at the present value of the estimated future cash flows.

Contributions receivable, net consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 44,650,274	\$ 43,706,719
Due in two to five years	105,730,218	127,347,471
Due in more than five years	<u>51,120,940</u>	<u>48,120,940</u>
	201,501,432	219,175,130
Less: unamortized discount	<u>(30,785,900)</u>	<u>(30,440,097)</u>
	<u>\$ 170,715,532</u>	<u>\$ 188,735,033</u>

The pledges to be received after one year are discounted at interest rates ranging from 0.46% to 4.74%. The pledge discount, net of amortization, is reflected as a decrease to contribution revenue in the accompanying financial statements and amounted to \$345,803 and \$892,751 as of December 31, 2024 and 2023, respectively.

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 – FUNDRAISING EVENTS, NET**

Proceeds for events are shown in the statements of activities, net of direct costs, for the years ended December 31 are as follow:

	<u>2024</u>	<u>2023</u>
Fundraising event proceeds	\$ 2,383,208	\$ 3,850,444
Less: direct benefit to donors	<u>(972,306)</u>	<u>(786,576)</u>
Net event proceeds	<u>\$ 1,410,902</u>	<u>\$ 3,063,868</u>

The direct expenses are funded by support from specific donors.

**NOTE 6 – INVESTMENTS**

Investments consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
U.S. government securities:		
Treasury bills	\$ 42,940,141	\$ 46,574,232
Other government agencies	22,440,718	33,439,468
Corporate money market instruments	47,754,709	39,763,498
Corporate bonds and notes	3,371,026	9,887,122
Equity securities	<u>1,870,201</u>	<u>2,442,050</u>
	<u>\$ 118,376,795</u>	<u>\$ 132,106,370</u>

Investment income, net consists of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Realized gain	\$ 1,433,507	\$ 644
Unrealized (loss) gain	(2,046,374)	679,975
Interest and dividend income	4,100,926	3,119,289
Investment fees	<u>(98,580)</u>	<u>(85,189)</u>
	<u>\$ 3,389,479</u>	<u>\$ 3,714,719</u>

**NOTE 7 – FAIR VALUE MEASUREMENTS**

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

**ALZHEIMER'S DRUG DISCOVERY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)**

Following is a description of the valuation methodologies used for investments measured at fair value:

The fair values of corporate money market instruments, corporate bonds and notes, and equity securities are based on the closing price reported on the active market where the individual securities are traded.

Investments in U.S. Treasury bills and other government agencies are valued using a market approach on yields currently available on comparable securities of issuers with similar credit ratings.

Financial assets carried at fair value at December 31, 2024 are classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. government securities:			
Treasury bills	\$ 42,940,141	\$ -	\$ 42,940,141
Other government agencies	-	22,440,718	22,440,718
Corporate money market instruments	47,754,709	-	47,754,709
Corporate bonds and notes	2,516,801	854,225	3,371,026
Equity securities	<u>1,870,201</u>	<u>-</u>	<u>1,870,201</u>
Total assets carried at fair value	<u>\$ 95,081,852</u>	<u>\$ 23,294,943</u>	<u>\$ 118,376,795</u>

Financial assets carried at fair value at December 31, 2023 are classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. government securities:			
Treasury bills	\$ 46,574,232	\$ -	\$ 46,574,232
Other government agencies	-	33,439,468	33,439,468
Corporate money market instruments	15,271,033	24,492,465	39,763,498
Corporate bonds and notes	7,986,195	1,900,927	9,887,122
Equity securities	<u>2,442,050</u>	<u>-</u>	<u>2,442,050</u>
Total assets carried at fair value	<u>\$ 72,273,510</u>	<u>\$ 59,832,860</u>	<u>\$ 132,106,370</u>

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NOTE 8 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consist of the following as of December 31:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 565,731	\$ 547,493	5 – 7 years
Leasehold improvements	178,540	178,540	5 years
Total cost	744,271	726,033	
Less: accumulated depreciation	<u>(609,537)</u>	<u>(568,226)</u>	
Net book value	<u>\$ 134,734</u>	<u>\$ 157,807</u>	

For the years ended December 31, 2024 and 2023, depreciation expense amounted to \$41,311 and \$43,675, respectively.

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**NOTE 9 – MISSION RELATED INVESTMENTS AND COMMITMENTS**

The Foundation has accrued mission related investments (“MRI”) for drug research that have been approved by the Foundation’s MRI Approval Board or Board of Governors, and an executed contract is in place. These amounted to \$75,579,333 and \$58,002,921 as of December 31, 2024 and 2023, respectively. These MRIs are in the areas of drug discovery, clinical trials, early detection and prevention for cognitive aging and Alzheimer’s disease. The primary purpose of MRI is to achieve the Foundation’s programmatic mission; production of income from MRI is not the significant purpose. MRIs are accounted as programmatic investments; the contribution element of such investments are accounted for under ASC 958-720. Programmatic investments offer both financial and programmatic returns. Financial returns are recorded as income upon receipt in the statements of activities.

During the years ended December 31, 2024 and 2023, MRIs approved in the prior year totaling \$1,222,406 and \$2,792,302, respectively, were cancelled due to the inability of the grantee to meet the MRI requirements. These MRI amounts had been included in mission related investments payable as of December 31, 2024 and 2023.

The Foundation received MRI returns in the amounts of \$5,841,351 and \$4,205,157 for the years ended December 31, 2024 and 2023, respectively.

**NOTE 10 – LEASES**

The Foundation leases property under a long-term operating lease agreement which expires in 2030. The Foundation has elected the short-term exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Foundation has elected the option to use the risk-free rate determined during a period comparable to lease terms as the discount rate where the implicit rate is not readily determinable.

As of December 31, 2024 and 2023, the right-of-use asset balance totaled \$1,983,014 and \$2,231,895, respectively, and the operating lease liability totaled \$2,127,430 and \$2,355,247, respectively, as shown in the statements of financial position.

Total lease costs for the years ended December 31 are as follows:

	2024	2023
Operating lease cost, included in occupancy	\$ 353,244	\$ 343,115

The following table summarizes the supplemental cash flow information for the years ended December 31:

Cash paid for amounts included in the measurement of lease liabilities:

	2024	2023
Operating cash flows from operating leases	\$ 352,437	\$ 345,526

The weighted-average remaining lease term as of December 31, 2024 and 2023 is 5.91 and 6.92 years, respectively. The weighted-average discount rate is 1.63% for each of the years ended December 31, 2024 and 2023.

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**NOTE 10 – LEASES (Continued)**

Future minimum payments for non-cancelable leases for the next five years ending after December 31, 2024 and thereafter is as follows:

2025	\$	359,485
2026		366,675
2027		374,009
2028		381,489
2029		389,119
Thereafter		<u>363,663</u>
Total lease payments		2,234,440
Less: present value discount		<u>(107,010)</u>
Present value of lease liabilities	\$	<u>2,127,430</u>

**NOTE 11 – RELATED-PARTY TRANSACTIONS**

During the years ended December 31, 2024 and 2023, members of the Board of Governors donated investment securities valued at approximately \$5,000 and \$14,752,000, respectively. During 2022, the Foundation received pledges from the Lauder family the founders of the Foundation, totaling \$190 million, to cover the operating expenses of the Foundation for the next ten to fifteen years. As of December 31, 2024 and 2023, the payments made from the Lauder family totaled \$14,000,610 and \$16,009,385, respectively. The remaining balance for the years ended December 31, 2024 and 2023 are \$143,990,005, and \$157,990,615, respectively

**NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2024</u>	<u>2023</u>
Time restricted funds	\$ 149,895,781	\$ 184,176,794
Purpose restricted funds	1,786,552	926,222
Fund for Alzheimer Drug Discovery	<u>322,943</u>	<u>309,680</u>
	<u>\$ 152,005,276</u>	<u>\$ 185,412,696</u>

Net assets with donor restrictions consist of funds for the aging and Alzheimer's disease prevention program and for an awards research program. Net assets of \$61,629,510 and \$54,757,830 for the years ended December 31, 2024 and 2023, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors.

In 2006, the Foundation created The Fund for Alzheimer's Drug Discovery (the "Fund") to raise funds in the form of contributions using a non-profit venture fund model to further the mission of the Foundation. Each Fund grant was structured to enable the Fund to share financially in the further commercial development of successful products or procedures, if any.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

The Foundation believes it has no uncertain tax positions as of December 31, 2024 and 2023, in accordance with ASC Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 14 – CONCENTRATIONS**

A. During the years ended December 31, 2024 and 2023, the Foundation received support totaling approximately \$12,167,000 and \$19,859,000 from eight contributors, respectively, including donated securities in 2024 and 2023, which approximates 36% and 73% of total support and revenue, respectively. Eight and six of the contributors, respectively, are related parties, including the Institute for the Study of Aging, Inc. The operation of the Foundation's programs, at present levels, is dependent upon continued funding. As of December 31, 2024 and 2023, the pledges receivable associated with three donors represent approximately 83%, and 87% of total pledges receivable, respectively.

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**NOTE 14 – CONCENTRATIONS (Continued)**

- B. Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits (\$250,000 per depositor, per insured financial institution) by approximately \$6,913,000 and \$202,000 as of December 31, 2024 and 2023, respectively. The excess includes outstanding checks.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through September 8, 2025, the date the financial statements were available to be issued.