

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.

Financial Statements

Years Ended June 30, 2018 and 2017



Rives & Associates, LLP
Certified Public Accountants and Consultants

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dementia Alliance of North Carolina, Inc.
Raleigh, North Carolina

We have audited the accompanying financial statements of Dementia Alliance of North Carolina, Inc., a nonprofit organization (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Dementia Alliance of North Carolina, Inc. as of June 30, 2018 and 2017, 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.

River & Associates LLP

Raleigh, North Carolina
October 8, 2018

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Statements of Financial Position
June 30, 2018 and 2017

ASSETS	2018	2017
Current assets:		
Cash and cash equivalents	\$ 710,156	\$ 543,709
Accounts receivable	4,131	24,624
Inventory	3,142	3,142
Prepaid expenses	3,642	3,100
	<hr/>	<hr/>
Total current assets	721,071	574,575
	<hr/>	<hr/>
Property and equipment, net	709	1,055
	<hr/>	<hr/>
Non-current assets:		
Other assets	4,500	4,500
Deposits	3,835	3,835
	<hr/>	<hr/>
Total non-current assets	8,335	8,335
	<hr/>	<hr/>
Total assets	<u>\$ 730,115</u>	<u>\$ 583,965</u>
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LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 8,619	\$ 19,939
Accrued payroll	12,771	13,857
Accrued vacation	14,424	12,247
	<hr/>	<hr/>
Total current liabilities	35,814	46,043
	<hr/>	<hr/>
Net assets:		
Unrestricted	58,464	18,479
Temporarily restricted	635,837	519,443
	<hr/>	<hr/>
Total net assets	694,301	537,922
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 730,115</u>	<u>\$ 583,965</u>
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The accompanying notes are an integral part of these financial statements

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.

**Statement of Activities
Year Ended June 30, 2018
(With Comparative Totals for 2017)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2017 Total</u>
Public support and revenue				
Public Support:				
Contributions, memorials and bequests	\$ 172,901	\$ 183,245	\$ 356,146	\$ 232,284
Fundraising events revenue	397,668	-	397,668	389,424
Less: direct fundraising expenses	(92,806)	-	(92,806)	(84,124)
Project CARE grant	-	-	-	84,304
Total public support	<u>477,763</u>	<u>183,245</u>	<u>661,008</u>	<u>621,888</u>
Revenue:				
Program services	27,985	-	27,985	29,415
Sales, gross	10,339	-	10,339	10,034
Investment income	350	-	350	243
Total revenue	<u>38,674</u>	<u>-</u>	<u>38,674</u>	<u>39,692</u>
Net assets released from restrictions	<u>66,851</u>	<u>(66,851)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>583,288</u>	<u>116,394</u>	<u>699,682</u>	<u>661,580</u>
EXPENSES:				
Program services				
Patient and family services	93,152	-	93,152	211,839
Public awareness and education	159,769	-	159,769	180,413
Public policy	12,800	-	12,800	7,032
Research	18,550	-	18,550	13,728
Total program services	<u>284,271</u>	<u>-</u>	<u>284,271</u>	<u>413,012</u>
Supporting services:				
Management and general	188,144	-	188,144	162,084
Fundraising	70,888	-	70,888	75,019
Total supporting services	<u>259,032</u>	<u>-</u>	<u>259,032</u>	<u>237,103</u>
Total expenses	<u>543,303</u>	<u>-</u>	<u>543,303</u>	<u>650,115</u>
Change in net assets	39,985	116,394	156,379	11,465
Net assets at beginning of year	<u>18,479</u>	<u>519,443</u>	<u>537,922</u>	<u>526,457</u>
Net assets at end of year	<u>\$ 58,464</u>	<u>\$ 635,837</u>	<u>\$ 694,301</u>	<u>\$ 537,922</u>

The accompanying notes are an integral part of these financial statements

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Statement of Functional Expenses
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	2018					2017				
	Program Services				Supporting Services					
	Patient and Family Services	Public Awareness and Education	Public Policy	Respite Services	Total	Management and General	Fundraising	Total	Grand Total	Grand Total
Compensation, taxes and benefits	\$ 42,072	\$ 104,143	\$ 8,902	\$ 12,899	\$ 168,016	\$ 130,826	\$ 47,729	\$ 178,555	\$ 346,571	\$ 436,658
Professional fees	1,379	3,414	292	423	5,508	4,288	1,564	5,852	11,360	17,440
Office supplies	1,014	2,509	214	311	4,048	3,152	1,150	4,302	8,350	6,748
Telephone and internet	664	1,642	140	203	2,649	2,063	752	2,815	5,464	12,075
Postage and shipping	339	840	72	104	1,355	1,055	385	1,440	2,795	3,377
Occupancy	5,125	12,685	1,084	1,571	20,465	15,936	5,814	21,750	42,215	75,961
Insurance	483	1,194	102	148	1,927	1,501	547	2,048	3,975	6,838
Grants and contributions to others	32,644	10,000	-	-	42,644	-	-	-	42,644	22,303
Equipment rental and maintenance	1,685	4,170	356	517	6,728	5,238	1,911	7,149	13,877	16,196
Printing and publications	513	1,269	108	157	2,047	1,595	582	2,177	4,224	3,979
Education products and services	2	3	-	-	5	4	2	6	11	171
Travel	989	2,447	209	303	3,948	3,073	1,121	4,194	8,142	25,029
Conferences and meetings	1,282	3,172	271	393	5,118	3,985	1,454	5,439	10,557	9,356
Depreciation and amortization	41	104	9	13	167	131	48	179	346	1,226
Fundraising events indirect expense	-	-	-	-	-	-	2,248	2,248	2,248	5,053
Miscellaneous	4,920	12,177	1,041	1,508	19,646	15,297	5,581	20,878	40,524	7,705
Total expenses	\$ 93,152	\$ 159,769	\$ 12,800	\$ 18,550	\$ 284,271	\$ 188,144	\$ 70,888	\$ 259,032	\$ 543,303	\$ 650,115

The accompanying notes are an integral part of these financial statements

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 156,379	\$ 11,465
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation expense	346	1,226
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	20,493	(5,647)
Prepaid expenses	(542)	9,062
Deposits	-	(3,835)
Accounts payable	(11,320)	(7,872)
Accrued payroll	(1,086)	13,857.00
Accrued vacation	2,177	(92)
	166,447	18,164
Net cash provided by operating activities		
	166,447	18,164
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	543,709	525,545
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 710,156	\$ 543,709

The accompanying notes are an integral part of these financial statements

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Dementia Alliance of North Carolina, Inc. (the Organization) is a voluntary health agency that was incorporated in 1981. The Organization is located in Raleigh, North Carolina and serves the residents within North Carolina. The Organization is dedicated to providing education, support and services to patients, their families, health care professionals and the general public while raising awareness and funding for research of a cause(s), treatment, prevention and cure for Alzheimer's disease and related dementias.

During 2018, in an effort to more accurately communicate its mission and vision, the Organization underwent a rebranding effort and changed its name from Alzheimers North Carolina, Inc. to Dementia Alliance of North Carolina, Inc.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when incurred. This basis is accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization has adopted FASB Accounting Standards Codification (ASC) 958-205 and subsections *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. Net assets are as follows:

Unrestricted – unrestricted net assets include resources, which are available for the support of the Organization's operating activities.

Temporarily Restricted - Temporarily restricted net assets include resources that have been donated to the Organization subject to restrictions as defined by the donor. These restrictions are met either by the actions of the Organization and/or the passage of time. When the restriction expires as a result of the lapse of time requirement or achievement of the specified purpose stipulated, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets releases from restrictions.

Permanently Restricted - Permanently restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purposes of producing present and future income, which may be expended. Investment earnings on endowments are available for the Organization's general use.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash in the bank and all cash held on hand to be cash and cash equivalents. The Organization maintains its cash accounts with one financial institution which, at times, may exceed the federally insured limit of \$250,000. The Organization has not experienced any losses in such accounts.

Inventory

The Organization values its inventory, consisting principally of DVD's, books and brochure supplies, at the lower of cost (first-in, first-out) or market.

Fixed Assets

Purchased and donated furniture, equipment, and vehicles with a cost of \$1,000 or more with a life expectancy of at least three years are capitalized and are stated at cost and estimated fair market value at date of receipt, respectively, and are depreciated on the straight-line basis over the estimated useful lives of the various assets, which range from three to seven years.

Donated Assets and Services

Donated materials, stock, furniture, equipment and vehicles are recorded at their estimated fair market values at date of receipt. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying Statement of Activities as contributions, memorials and bequests are offset by like amounts included in expenses.

Various other services are performed for the Organization by volunteers. The services are significant and form an integral part of the efforts of the Organization, but these services do not meet the criteria for recognition as contributed services.

Grants and Contributions

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor/grantor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, 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 restrictions.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. Account balances with invoices dated over 90 days old are considered past due. It is the Organization's policy to charge off noncollectible accounts receivable when management determines the receivable will not be collected. There was no allowance for doubtful accounts as of June 30, 2018 and 2017.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services.

Program services – Comprise activities that contribute to the Organization's mission and consist of the following four categories:

- 1) Patient and family services – Provides families with daily support through counseling, support groups, resource referrals and emergency respite assistance.
- 2) Public awareness and education – Offers a variety of workshops to the community and provides caregivers with the tools and resources they need to make informed decisions.
- 3) Public policy – Advocates for the rights of individuals living with dementia and their caregivers through public relations initiatives, partnership programs, community outreach, and grassroots activities.
- 4) Respite services – Assists caregivers of individuals with dementia by providing them with resources and referrals for respite care and short-term stay services.

Supporting services – Includes activities such as management and general services required to ensure an adequate working environment, provide administrative support and manage the Organization's financial and budgetary functions.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) on its exempt function income and is classified by the IRS as a publicly supported organization. There was no unrelated business income for the years ended June 30, 2018 and 2017.

The Organization evaluates any uncertain tax positions. Accordingly, the Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2018, 2017, and 2016.

Advertising Expense

The Organization uses advertising to promote its programs and fund raising events among the audiences it serves. The cost of advertising is expensed as incurred. The Organization incurred \$4,224 and \$3,979 in advertising costs for the years ended June 30, 2018 and 2017, respectively.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure 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.

2. CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. The Organization maintains its cash balances in reputable financial institutions in the United States of American and accounts at each institution are insured by the Federal Deposit Insurance Corporations up to \$250,000 at each financial institution. FASB ASC 825, *Financial Instruments*, identifies these items as a concentration of credit risk requiring disclosure, regardless of risk. At June 30, 2018 and 2017, the Organization had \$216,061 and \$299,682 in excess of the FDIC insured limit, respectively.

3. RESTRICTION ON NET ASSETS

Temporarily restricted net assets as of June 30 were available for the following purposes:

	2018	2017
Respite	\$ 67,971	\$ 38,013
Education	1,612	27,223
Research	554,108	448,910
Other	12,146	5,297
	<u>\$ 635,837</u>	<u>\$ 519,443</u>

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2018 and 2017

4. RETIREMENT PLAN

The Organization sponsors 403 (b) retirement plan covering all eligible employees. The plan is solely funded by employee contributions, pursuant to a salary reduction agreement.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2018 and 2017:

	2018	2017
Office equipment	\$ 53,694	\$ 53,694
Office furniture	14,330	14,330
Computer equipment	16,277	16,277
Total	84,301	84,301
Less accumulated depreciation	(83,592)	(83,246)
	\$ 709	\$ 1,055

Depreciation expense was \$346 and \$1,226 for the years ended June 30, 2018 and 2017, respectively.

6. LEASE COMMITMENTS

The Organization leases office space in Raleigh, North Carolina. Rent expense amounted to \$40,890 and \$75,059 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under the noncancellable lease is as follows:

Year Ending June 30,	Amount
2019	\$ 47,167
2020	48,582
2021	50,040
2022	51,541
2023	8,633
Total	\$ 205,963

7. LINE OF CREDIT

As of June 30, 2018, the Organization has available an unsecured revolving line of credit in the amount of \$49,900 with a variable interest rate equal to the Prime Rate plus 1%. There was no outstanding balance as June 30, 2018 and 2017.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2018 and 2017

8. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 8, 2018, which is the date the financial statements were available to be issued.

9. UPCOMING CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2019, the Organization will be required to implement the following pronouncement issued by the Financial Accounting Standards Board (FASB):

Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*

ASU 2016-14 address five key areas of reporting by Not-for-Profit Entities including the following:

- Net asset classes
- Investment return
- Expense reporting
- Statement of cash flows
- Liquidity and availability

This standard has no effect on the financial statements for the year ended June 30, 2018.