

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**

Financial Statements

Years Ended June 30, 2020 and 2019

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Table of Contents**

	<u>Page</u>
<b>Independent Auditors' Report</b> .....	1
 <b>Financial Statements:</b>	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
<b>Notes to Financial Statements</b> .....	9

# SHARPE PATEL PLLC

## Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
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), which comprise the statement of financial position as of June 30, 2020, 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 Dementia Alliance of North Carolina, Inc. as of June 30, 2020, 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.

**Report on Prior Year Information**

Other auditors previously audited Dementia Alliance of North Carolina, Inc.'s 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated November 13, 2019. In our opinion, the prior year information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Prior Period Correction**

As discussed in Note 15 to the financial statements, the 2019 financial statements were restated to correct a misstatement. Our opinion is not modified with respect to this matter.

*Sharpe Patel PLLC*

Raleigh, North Carolina  
August 31, 2020

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		<i>(As Restated)</i>
Current assets:		
Cash and cash equivalents	\$ 308,233	\$ 292,778
Investments	179,706	75,078
Accounts receivable	9,824	3,130
Inventory	2,593	2,593
Accrued income	1,615	19,250
Prepaid expenses	12,813	7,107
Total current assets	514,784	399,936
Property and equipment, net	18,604	26,075
Non-current assets:		
Investments	253,168	428,537
Deposits	3,835	3,835
Total non-current assets	257,003	432,372
Total assets	\$ 790,391	\$ 858,383
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 114,041	\$ 19,653
Accrued payroll	11,821	10,630
Accrued vacation	16,672	14,122
Deferred rent obligation	7,760	9,057
Deferred lease incentive	9,645	14,098
Deferred revenue	36,626	16,877
Note payable	66,000	-
Total current liabilities	262,565	84,437
Net assets		
With donor restriction	320,554	515,117
Without donor restrictions	207,272	258,829
Total net assets	527,826	773,946
Total liabilities and net assets	\$ 790,391	\$ 858,383

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

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statements of Activities**  
**For the Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Contributions, memorials, and bequests	\$ 177,752	\$ 46,998	\$ 224,750
Fundraising events revenue	236,957	-	236,957
Less: direct fundraising expenses	(34,218)	-	(34,218)
Total public support	<u>380,491</u>	<u>46,998</u>	<u>427,489</u>
Revenue:			
Program services	76,857	-	76,857
Sales, gross	4,238	-	4,238
Investment income	18,685	-	18,685
Total revenue	<u>99,780</u>	<u>-</u>	<u>99,780</u>
Net assets released from restriction	<u>241,561</u>	<u>(241,561)</u>	<u>-</u>
Total public support and revenue	<u>721,832</u>	<u>(194,563)</u>	<u>527,269</u>
<b>EXPENSES:</b>			
Program services:			
Patient and family services	135,825		135,825
Public awareness and education	142,539		142,539
Community outreach policy	103,945		103,945
Respite services	9,387		9,387
Research	202,689		202,689
Total program services	<u>594,385</u>	<u>-</u>	<u>594,385</u>
Supporting services:			
Management and general	113,837		113,837
Fundraising	73,597		73,597
Total supporting services	<u>187,434</u>	<u>-</u>	<u>187,434</u>
Total expenses	<u>781,819</u>	<u>-</u>	<u>781,819</u>
Gain on the sale of land	<u>8,430</u>	<u>-</u>	<u>8,430</u>
Change in net assets	(51,557)	(194,563)	(246,120)
Net assets at beginning of year	<u>258,829</u>	<u>515,117</u>	<u>773,946</u>
Net assets at end of year	<u>\$ 207,272</u>	<u>\$ 320,554</u>	<u>\$ 527,826</u>

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

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statements of Activities**  
**For the Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>		<i>(As Restated)</i>	
Public Support:			
Contributions, memorials, and bequests	\$ 135,600	\$ 45,045	\$ 180,645
Fundraising events revenue	342,157	-	342,157
Less: direct fundraising expenses	(56,980)	-	(56,980)
Total public support	<u>420,777</u>	<u>45,045</u>	<u>465,822</u>
Revenue:			
Program services	25,210	-	25,210
Sales, gross	6,522	-	6,522
Investment income	11,645	-	11,645
Total revenue	<u>43,377</u>	<u>-</u>	<u>43,377</u>
Net assets released from restriction	<u>165,765</u>	<u>(165,765)</u>	<u>-</u>
Total public support and revenue	<u>629,919</u>	<u>(120,720)</u>	<u>509,199</u>
<b>EXPENSES:</b>			
Program services:			
Patient and family services	118,333	-	118,333
Public awareness and education	135,153	-	135,153
Community outreach policy	64,194	-	64,194
Respite services	19,318	-	19,318
Research	111,272	-	111,272
Total program services	<u>448,270</u>	<u>-</u>	<u>448,270</u>
Supporting services:			
Management and general	120,949	-	120,949
Fundraising	83,870	-	83,870
Total supporting services	<u>204,819</u>	<u>-</u>	<u>204,819</u>
Total expenses	<u>653,089</u>	<u>-</u>	<u>653,089</u>
Change in net assets	(23,170)	(120,720)	(143,890)
Net assets at beginning of year, as restated	<u>281,999</u>	<u>635,837</u>	<u>917,836</u>
Net assets at end of year	<u>\$ 258,829</u>	<u>\$ 515,117</u>	<u>\$ 773,946</u>

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

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

	Program Services					Supporting Services			Total Expenses	
	Patient and Family Services	Public Awareness and Education	Community Outreach Policy	Respite Services	Research	Total Program Services	Management and General	Fundraising		Total Supporting Services
Compensation, taxes, and benefits	\$ 71,407	\$ 100,651	\$ 72,636	\$ 6,629	\$ 1,898	\$ 253,221	\$ 80,385	\$ 50,799	\$ 131,184	\$ 384,405
Direct program expenses	9,749	-	1,079	-	-	10,828	-	-	-	10,828
Professional fees	1,849	2,606	1,881	172	49	6,557	2,082	1,315	3,397	9,954
Office supplies	1,868	2,634	1,901	173	50	6,626	2,103	1,329	3,432	10,058
Telephone and internet	1,225	1,727	1,246	113	33	4,344	1,379	871	2,250	6,594
Postage and shipping	591	833	601	55	17	2,097	665	420	1,085	3,182
Occupancy	7,957	11,215	8,094	739	211	28,216	8,957	5,660	14,617	42,833
Insurance	809	1,140	823	75	21	2,868	910	575	1,485	4,353
Grants and contributions to others	24,953	-	-	-	200,000	224,953	-	-	-	224,953
Printing and publications	5,968	8,413	6,071	554	159	21,165	6,718	4,246	10,964	32,129
Education products and services	1,071	1,509	1,089	99	28	3,796	1,205	761	1,966	5,762
Travel	4,026	5,675	4,096	374	107	14,278	4,533	2,864	7,397	21,675
Conferences and meetings	1,338	1,886	1,361	124	36	4,745	1,506	952	2,458	7,203
Depreciation	1,387	1,956	1,412	129	37	4,921	1,562	987	2,549	7,470
Fundraising events indirect expense	-	-	-	-	-	-	-	1,661	1,661	1,661
Miscellaneous	1,627	2,294	1,655	151	43	5,770	1,832	1,157	2,989	8,759
Expenses as reported on the Statement of Activities	<u>135,825</u>	<u>142,539</u>	<u>103,945</u>	<u>9,387</u>	<u>202,689</u>	<u>594,385</u>	<u>113,837</u>	<u>73,597</u>	<u>187,434</u>	<u>781,819</u>
Direct fundraising expenses	-	-	-	-	-	-	-	34,218	34,218	34,218
Total expenses	<u>\$ 135,825</u>	<u>\$ 142,539</u>	<u>\$ 103,945</u>	<u>\$ 9,387</u>	<u>\$ 202,689</u>	<u>\$ 594,385</u>	<u>\$ 113,837</u>	<u>\$ 107,815</u>	<u>\$ 221,652</u>	<u>\$ 816,037</u>

The accompanying notes are an integral part of these financial statements



**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

	Program Services					Supporting Services				Total Expenses
	Patient and Family Services	Public Awareness and Education	Community Outreach Policy	Respite Services	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Compensation, taxes, and benefits	\$ 57,245	\$ 92,617	\$ 37,720	\$ 13,238	\$ 873	\$ 201,693	\$ 82,884	\$ 55,781	\$ 138,665	\$ 340,358
Direct program expenses	1,000	-	9,150	-	-	10,150	-	-	-	10,150
Professional fees	6,284	10,167	4,141	1,453	96	22,141	9,098	6,122	15,220	37,361
Office supplies	1,270	2,055	837	294	19	4,475	1,839	1,238	3,077	7,552
Telephone and internet	1,080	1,746	711	250	16	3,803	1,562	1,051	2,613	6,416
Postage and shipping	414	670	273	96	6	1,459	600	405	1,005	2,464
Occupancy	7,204	11,656	4,747	1,666	110	25,383	10,431	7,021	17,452	42,835
Insurance	753	1,218	496	174	11	2,652	1,090	733	1,823	4,475
Grants and contributions to others	33,797	-	-	-	110,000	143,797	-	-	-	143,797
Equipment rental and maintenance	2,590	4,191	1,707	599	39	9,126	3,751	2,525	6,276	15,402
Education products and services	415	671	273	96	6	1,461	600	404	1,004	2,465
Travel	1,294.00	2,094	853	299	20	4,560	1,874	1,261	3,135	7,695
Conferences and meetings	2,211	3,577	1,457	511	34	7,790	3,201	2,153	5,354	13,144
Depreciation	1,104	1,786	727	255	17	3,889	1,598	1,075	2,673	6,562
Fundraising events indirect expense	-	-	-	-	-	-	-	2,472	2,472	2,472
Miscellaneous	1,672	2,705	1,102	387	25	5,891	2,421	1,629	4,050	9,941
Expenses as reported on the Statement of Activities	<u>118,333</u>	<u>135,153</u>	<u>64,194</u>	<u>19,318</u>	<u>111,272</u>	<u>448,270</u>	<u>120,949</u>	<u>83,870</u>	<u>204,819</u>	<u>653,089</u>
Direct fundraising expenses	-	-	-	-	-	-	-	56,980	56,980	56,980
Total expenses	<u>\$ 118,333</u>	<u>\$ 135,153</u>	<u>\$ 64,194</u>	<u>\$ 19,318</u>	<u>\$ 111,272</u>	<u>\$ 448,270</u>	<u>\$ 120,949</u>	<u>\$ 140,850</u>	<u>\$ 261,799</u>	<u>\$ 710,069</u>

The accompanying notes are an integral part of these financial statements

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (246,120)	\$ (143,890)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	7,470	6,562
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(6,694)	1,001
Pledges receivable	-	235,847
Inventory	-	549
Accrued income	17,635	(5,738)
Prepaid expenses	(5,706)	(3,465)
Other assets	-	4,500
Accounts payable	94,388	11,034
Accrued payroll	1,191	(2,141)
Accrued vacation	2,550	(302)
Deferred rent obligation	(1,297)	119
Deferred lease incentive	(4,453)	(4,450)
Deferred revenue	19,749	(9)
Net cash provided (used) by operating activities	(121,287)	99,617
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	-	(503,615)
Proceeds from maturity of investments	70,742	-
Purchases of property and equipment	-	(13,380)
Net cash provided (used) by investing activities	70,742	(516,995)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable	66,000	-
Net cash provided (used) by financing activities	66,000	-
Net increase (decrease) in cash and cash equivalents	15,455	(417,378)
Cash and cash equivalents, beginning of year	292,778	710,156
Cash and cash equivalents, end of year	\$ 308,233	\$ 292,778

The accompanying notes are an integral part of these financial statements

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**1. NATURE OF THE ORGANIZATION**

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 of accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization has adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without restrictions” and “net assets with restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Net assets and revenue are classified based on the existence or absence of donor- imposed restrictions. Accordingly, the net assets of the Organization and charges therein, are classified and reported as follows:

**Net assets without restrictions** – Consists of amounts that are available for use in carrying out the supporting activities of the Organization and not subject to donor-imposed stipulations. Net assets without restrictions totaled \$207,272 and \$258,829 as of June 30, 2020 and 2019, respectively.

**Net assets with restrictions** – Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the actions of the Organization and /or the passage of time. Net assets with restrictions totaled \$320,554 and \$515,117 as of June 30, 2020 and 2019, respectively.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 with an original maturity date of three months or less.

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 uncollectible accounts receivable when management determines the receivable will not be collected. There was no allowance for doubtful accounts as of June 30, 2020 and 2019.

Investments

Investments are carried at fair market value.

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 net realizable value.

Property and Equipment

Purchased and donated property and equipment with a cost of \$1,000 or more with a life expectancy of more than one year 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 value 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.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions

Contributions and grants received are recorded as support with or without restrictions 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 more than one year in the future 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, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions that are met in the same period as receipt are reported as support without restrictions.

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.
- 5) Research – Addresses important issues ranging across a broad spectrum of concerns in the field of dementia science and care over and above dementia research that seeks to discover the basic causes, prevention and cure of these diseases.

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. Fundraising expenses are the cost of the Organization to solicit and obtain contributions and funding.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**2. 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. The Organization is not aware of any unrelated business income for the years ended June 30, 2020 and 2019.

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, 2020 and 2019.

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 \$5,762 and \$2,465 in advertising costs for the years ended June 30, 2020 and 2019, respectively.

Recently Issued Accounting Standards

The Commission has adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended June 30, 2020. The stated purpose of this new standard is to provide guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue.

**3. 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. At June 30, 2020 and 2019, the Organization's cash deposits exceed the FDIC insured limits by approximately \$58,739 and \$42,000, respectively.

The Organization's investments are held by one investment firm and consists of certificates of deposits. The certificates of deposit were purchased from multiple financial institutions and all certificates of deposit are below the FDIC insured limits.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**4. INVESTMENTS**

The Organization's investments consist of certificates of deposit held at various financial institutions at year-end. The following summarizes the certificates of deposit's rate of return, maturity date, and fair value as of June 30, 2020 and 2019:

Certificate of Deposit	Interest Rate	Maturity Date	June 30, 2020 Fair Value	June 30, 2019 Fair Value
A	2.60%	11/12/2019	\$ -	\$ 75,078
B	2.75%	7/6/2020	104,076	104,459
C	3.00%	7/6/2021	253,168	248,507
D	2.95%	10/13/2020	75,630	75,571
			\$ 432,874	\$ 503,615

Interest income on the certificates of deposit totaled \$18,685 and \$11,645 for the years ended June 30, 2020 and 2019, respectively.

The following is a description of the valuation and methodologies used for assets reported at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*Certificates of deposit:* Valued at amortized cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Furthermore, although the Organization 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 may result in a different fair value measurement at the reporting date.

**5. FAIR VALUE MEASUREMENTS**

The Organization values its investments in accordance with a hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement) when market prices are not readily available or reliable.

The three levels of the hierarchy under fair value measurements are described below:

*Level 1:* Quoted prices in active markets for identical securities.

*Level 2:* Prices determined using other significant observable inputs, which are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, credit risk, and others.

*Level 3:* Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used.

Unobservable inputs reflect the Organization's own assumptions and would be based on the best information available.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**5. FAIR VALUE MEASUREMENTS (Continued)**

Changes in valuation techniques could result in transfers in or out of an assigned level within the hierarchy. Interest income, including unrealized appreciation/depreciation earned on investments, is recognized as revenue without restrictions unless specifically restricted for use by the donor.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value on a recurring basis, as of June 30, 2020 and 2019:

Assets at Fair Value as of June 30, 2020				
Category	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 432,874	\$ -	\$ 432,874

  

Assets at Fair Value as of June 30, 2019				
Category	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 503,615	\$ -	\$ 503,615

**6. RETIREMENT PLAN**

401(k) Retirement Plan

Effective July 1, 2018, the Organization sponsors a 401(k) retirement plan covering all eligible employees. Participating employees may contribute to the plan up to the maximum amount allowed by statutory limits. The Organization may make matching contributions to the Plan. In July 2018, the Board of Directors approved the Organization to match 3% of an employee's eligible compensation. Participating employees are fully vested in the Organization matching contributions after two years of service. For the years ended June 30, 2020 and 2019, the Organization incurred costs of \$9,996 and \$9,820, respectively.

**7. NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions are those stipulated by donors for specific operating purposes, those not currently available for use until commitments regarding their use have been fulfilled and are composed of the following as of June 30, 2020 and 2019:

	2020	2019
<i>Subject to expenditures for a specific purpose or passage of time</i>		
Respite	\$ 46,766	\$ 54,483
Education	8,500	-
Research	245,483	445,383
Family services	6,217	3,480
Other	13,588	11,771
Total net assets with restrictions	\$ 320,554	\$ 515,117



**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**7. NET ASSETS WITH RESTRICTIONS (Continued)**

During the years ended June 30, 2020 and 2019, net assets released from restrictions totaled \$241,561, and \$165,765, respectively. The releases represent funds received from donors with restrictions that were spent during the year, according to the requirements set by the donor.

**8. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Office furniture	\$ 14,330	\$ 14,330
Leasehold improvements	23,000	23,000
Computer and software	15,774	15,774
Total property and equipment	53,104	53,104
Less: accumulated depreciation	(34,500)	(27,029)
Total property and equipment, net	\$ 18,604	\$ 26,075

Depreciation expense was \$7,470 and \$6,562 for the years ended June 30, 2020 and 2019, respectively.

**9. LEASE COMMITMENTS**

The Organization leases office space in Raleigh, North Carolina under a non-cancellable lease agreement expiring in August 2022. The lease initially contained two months of free rent and a \$23,000 up fit to the existing space. Rent is due in monthly installments starting at \$3,835 and escalating 3% each year thereafter. The up fit was reported as a deferred lease incentive upon execution of the lease and amortized over the life of the lease. Straight-line rent expense is \$42,835 for the years ended June 30, 2020 and 2019. As of June 30, 2020 and 2019, deferred rent liability totaled \$7,760 and \$9,057, respectively, and deferred rent incentive liability was \$9,645, and \$14,098, respectively.

Required future minimum lease payments under the non-cancellable lease is as follows:

Fiscal Year Ending	Amount
June 30, 2021	\$ 50,040
June 30, 2022	51,541
June 30, 2023	8,633
Total	\$ 110,214

**10. LINE OF CREDIT**

As of June 30, 2020 and 2019, 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%. Any unpaid principal and interest outstanding on the line of credit is due when the line of credit matures on November 25, 2021. There was no outstanding balance as of June 30, 2020 and 2019.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**11. NOTE PAYABLE**

On May 12, 2020, the Commission entered into a Small Business Administration guaranteed loan with North State Bank in the amount of \$66,000. This PPP loan was received under the CARES Act which was implemented as a result of the COVID-19 pandemic. Currently, this note is due to be paid back in 18 consecutive payments of principal and interest at a rate of 1%, beginning 6 months from the date of the note. If the Organization spends the loan proceeds as dictated by the CARES Act, it is eligible to apply for loan forgiveness 24 weeks after the initial loan date.

**12. CONCENTRATIONS**

For the years ended June 30, 2020 and 2019, approximately 12% and 12%, respectively, of the Organization's revenues were received during the Tri-Walk/Fest of Hope held by the Organization.

**13. LIQUIDITY AND AVAILABILITY OF FUNDS**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests cash in excess of daily requirements in an investment account.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2020	2019
Cash	\$ 308,233	\$ 292,778
Investments	432,874	503,615
Accounts receivable	9,824	3,130
Less: assets with restriction	(320,554)	(515,117)
Less: accounts payable	(114,041)	(19,653)
Less: accrued expenses	(11,821)	(10,630)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	\$ 304,515	\$ 254,123

At June 30, 2020 and 2019, all net assets without restrictions are available to meet cash needs for general expenditures of the Organization with one year. Excess funds are available in the Organization's investment account consisting of certificates of deposit, if needed. Early redemption of the certificates of deposit may result in the Organization incurring nominal monetary penalties. In addition, the Organization has access to the line of credit mentioned in Note 10 to meet general expenditure obligations.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**14. 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 August 31, 2020, which is the date the financial statements were available to be issued.

As of the date of issuance of the Organization's audit, there is a pandemic situation regarding the COVID-19 virus. The Organization is monitoring the effect of this pandemic on its financial operations. At this time, management has evaluated the situation and has concluded no additional disclosures are warranted.

**15. PRIOR PERIOD CORRECTION**

The Organization discovered during the current year that the 2019 financial statements required a correction to the previously stated accounts receivable. The adjustment resulted in a decrease in accounts receivable and net assets with donor restrictions of \$35,000.