



SHARPE
PATELCPA

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2021

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
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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, 2021, 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, 2021, 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.

Sharpe Patel PLLC

Raleigh, North Carolina
November 4, 2021

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		<i>(As Restated)</i>
Current assets:		
Cash and cash equivalents	\$ 415,273	\$ 308,233
Investments	246,221	179,706
Accounts receivable	30,635	9,824
Inventory	2,593	2,593
Accrued income	610	1,615
Prepaid expenses	111,288	62,813
Total current assets	806,620	564,784
Property and equipment, net	11,422	18,604
Non-current assets:		
Investments	-	253,168
Deposits	3,835	3,835
Total non-current assets	3,835	257,003
Total assets	\$ 821,877	\$ 840,391
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 8,326	\$ 14,041
Accrued payroll	11,424	11,821
Accrued vacation	19,945	16,672
Deferred rent obligation	5,006	7,760
Deferred lease incentive	5,194	9,645
Deferred revenue	3,848	36,626
Note payable	74,040	66,000
Total current liabilities	127,783	162,565
Net assets		
With donor restriction	363,925	320,554
Without donor restrictions	330,169	357,272
Total net assets	694,094	677,826
Total liabilities and net assets	\$ 821,877	\$ 840,391

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions, memorials, and bequests	\$ 235,694	\$ 108,000	\$ 343,694
Fundraising events revenue	244,143	-	244,143
Less: direct fundraising expenses	(36,581)	-	(36,581)
PPP loan forgiveness	66,000	-	66,000
Total public support	<u>509,256</u>	<u>108,000</u>	<u>617,256</u>
Revenue:			
Program services	31,799	-	31,799
Sales, gross	746	-	746
Investment income	1,996	-	1,996
Total revenue	<u>34,541</u>	<u>-</u>	<u>34,541</u>
Net assets released from restriction	<u>64,629</u>	<u>(64,629)</u>	<u>-</u>
Total public support and revenue	<u>608,426</u>	<u>43,371</u>	<u>651,797</u>
EXPENSES:			
Program services:			
Patient and family services	127,662	-	127,662
Public awareness and education	12,802	-	12,802
Community outreach policy	153,715	-	153,715
Research	123,201	-	123,201
Total program services	<u>417,380</u>	<u>-</u>	<u>417,380</u>
Supporting services:			
Management and general	139,164	-	139,164
Fundraising	78,985	-	78,985
Total supporting services	<u>218,149</u>	<u>-</u>	<u>218,149</u>
Total expenses	<u>635,529</u>	<u>-</u>	<u>635,529</u>
Change in net assets	(27,103)	43,371	16,268
Net assets at beginning of year	<u>357,272</u>	<u>320,554</u>	<u>677,826</u>
Net assets at end of year	<u>\$ 330,169</u>	<u>\$ 363,925</u>	<u>\$ 694,094</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE		<i>(As Restated)</i>	
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>141,561</u>	<u>(141,561)</u>	<u>-</u>
Total public support and revenue	<u>621,832</u>	<u>(94,563)</u>	<u>527,269</u>
EXPENSES:			
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	102,689	-	102,689
Total program services	<u>494,385</u>	<u>-</u>	<u>494,385</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>681,819</u>	<u>-</u>	<u>681,819</u>
Gain on sale of land	<u>8,430</u>	<u>-</u>	<u>8,430</u>
Change in net assets	(51,557)	(94,563)	(146,120)
Net assets at beginning of year, as restated	<u>408,829</u>	<u>415,117</u>	<u>823,946</u>
Net assets at end of year	<u>\$ 357,272</u>	<u>\$ 320,554</u>	<u>\$ 677,826</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, 2021

	Program Services				Supporting Services				Total Expenses
	Patient and Family Services	Public Awareness and Education	Community Outreach	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Compensation, taxes, and benefits	\$ 78,426	\$ 9,811	\$ 119,848	\$ 1,286	\$ 209,371	\$ 121,991	\$ 58,784	\$ 180,775	\$ 390,146
Direct program expenses	1,315	-	-	-	1,315	-	-	-	1,315
Professional fees	2,183	275	3,137	46	5,641	1,591	1,609	3,200	8,841
Office supplies	1,421	181	2,039	30	3,671	1,035	1,047	2,082	5,753
Telephone and internet	851	108	1,223	17	2,199	620	627	1,247	3,446
Postage and shipping	603	78	867	13	1,561	437	445	882	2,443
Occupancy	8,508	1,082	12,224	180	21,994	6,198	6,262	12,460	34,454
Insurance	1,032	131	1,485	22	2,670	753	761	1,514	4,184
Grants and contributions to others	24,353	-	-	121,418	145,771	-	-	-	145,771
Equipment rental and maintenance	-	-	-	-	-	-	-	-	-
Printing and publications	3,241	407	4,656	70	8,374	2,361	2,388	4,749	13,123
Education products and services	667	85	958	14	1,724	486	492	978	2,702
Travel	230	29	330	5	594	167	169	336	930
Conferences and meetings	1,211	154	1,739	24	3,128	882	892	1,774	4,902
Depreciation	1,774	226	2,548	37	4,585	1,290	1,307	2,597	7,182
Fundraising events indirect expense	-	-	-	-	-	-	2,837	2,837	2,837
Miscellaneous	1,847	235	2,661	39	4,782	1,353	1,365	2,718	7,500
Expenses as reported on the Statement of Activities	<u>127,662</u>	<u>12,802</u>	<u>153,715</u>	<u>123,201</u>	<u>417,380</u>	<u>139,164</u>	<u>78,985</u>	<u>218,149</u>	<u>635,529</u>
Direct fundraising expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,581</u>	<u>36,581</u>	<u>36,581</u>
Total expenses	<u>\$ 127,662</u>	<u>\$ 12,802</u>	<u>\$ 153,715</u>	<u>\$ 123,201</u>	<u>\$ 417,380</u>	<u>\$ 139,164</u>	<u>\$ 115,566</u>	<u>\$ 254,730</u>	<u>\$ 672,110</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, 2020

	Program Services					Supporting Services				
	Patient and Family Services	Public Awareness and Education	Community Outreach Policy	Respite Services	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
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	-	-	-	100,000	124,953	-	-	-	124,953
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>102,689</u>	<u>494,385</u>	<u>113,837</u>	<u>73,597</u>	<u>187,434</u>	<u>681,819</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>\$ 102,689</u>	<u>\$ 494,385</u>	<u>\$ 113,837</u>	<u>\$ 107,815</u>	<u>\$ 221,652</u>	<u>\$ 716,037</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 June 31, 2021 and 2020

	2021	2020
		<i>(As Restated)</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 16,268	\$ (146,120)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	7,182	7,470
Forgiveness of loan	(66,000)	-
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(20,811)	(6,694)
Accrued income	1,005	17,635
Prepaid expenses	(48,475)	(5,706)
Accounts payable	(5,715)	(5,612)
Accrued payroll	(397)	1,191
Accrued vacation	3,273	2,550
Deferred rent obligation	(2,754)	(1,297)
Deferred lease incentive	(4,451)	(4,453)
Deferred revenue	(32,778)	19,749
Net cash provided (used) by operating activities	(153,653)	(121,287)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity of investments	186,653	70,742
Net cash provided (used) by investing activities	186,653	70,742
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	74,040	66,000
Net cash provided (used) by financing activities	74,040	66,000
Net increase (decrease) in cash and cash equivalents	107,040	15,455
Cash and cash equivalents, beginning of year	308,233	292,778
Cash and cash equivalents, end of year	\$ 415,273	\$ 308,233

The accompanying notes are an integral part of these financial statements

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2021 and 2020

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 \$165,540 and \$207,272 as of June 30, 2021 and 2020, 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 \$328,554 and \$320,554 as of June 30, 2021 and 2020, respectively.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020.

Advertising Expense

The Organization uses advertising to promote its programs and fundraising events among the audiences it serves. The cost of advertising is expensed as incurred. The Organization incurred \$2,702 and \$5,762 in advertising costs for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Organization's cash deposits exceed the FDIC insured limits by approximately \$120,725 and \$58,739, 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, 2021 and 2020

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, 2021 and 2020:

Certificate of Deposit	Interest Rate	Maturity Date	June 30, 2021 Fair Value	June 30, 2020 Fair Value
B	2.75%	7/6/2020	\$ -	\$ 104,076
C	3.00%	7/6/2021	246,221	253,168
D	2.95%	10/13/2020	-	75,630
			\$ 246,221	\$ 432,874

Interest income on the certificates of deposit totaled \$1,996 and \$18,685 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020

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, 2021 and 2020:

Assets at Fair Value as of June 30, 2021				
Category	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 246,221	\$ -	\$ 246,221

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

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, 2021 and 2020, the Organization incurred costs of \$10,041 and \$9,996, 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, 2021 and 2020:

	2021	2020
<i>Subject to expenditures for a specific purpose or passage of time</i>		
Respite	\$ 42,146	\$ 46,766
Education	8,741	8,500
Research	306,765	245,483
Family services	5,325	6,217
Other	948	13,588
Total net assets with restrictions	\$ 363,925	\$ 320,554

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7. NET ASSETS WITH RESTRICTIONS (Continued)

During the years ended June 30, 2021 and 2020, net assets released from restrictions totaled \$64,629, and \$141,561, 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, 2021 and 2020:

	2021	2020
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	(41,682)	(34,500)
Total property and equipment, net	\$ 11,422	\$ 18,604

Depreciation expense was \$7,182 and \$7,470 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020. As of June 30, 2021 and 2020, deferred rent liability totaled \$5,006 and \$7,760, respectively, and deferred rent incentive liability was \$5,194, and \$9,645, respectively.

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

Fiscal Year Ending	Amount
June 30, 2022	51,793
June 30, 2023	13,340
Total	\$ 65,133

10. LINE OF CREDIT

As of June 30, 2021 and 2020, 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, 2021 and 2020.

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11. PPP LOAN

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. The note was 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. The Organization spent the loan proceeds as dictated by the CARES Act, and was eligible to apply for loan forgiveness 24 weeks after the initial loan date. During the year ended June 30, 2021, the loan was fully forgiven.

On January 28, 2021, the Commission entered into a second Small Business Administration guaranteed loan with North State Bank in the amount of \$74,040.

12. CONCENTRATIONS

For the years ended June 30, 2021 and 2020, approximately 18% 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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 415,273	\$ 308,233
Investments	246,221	432,874
Accounts receivable	30,635	9,824
Less: assets with restriction	(363,925)	(320,554)
Less: accounts payable	(8,326)	(14,041)
Less: accrued expenses	(11,424)	(11,821)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	<u>\$ 308,454</u>	<u>\$ 404,515</u>

At June 30, 2021 and 2020, 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.

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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 November 5, 2021, 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 2020 financial statements required a correction to the previously stated accounts receivable. The adjustment resulted in previously reported amounts as follows:

	As previously Reported	As Restated
Prepaid expenses	\$ 12,813	\$ 62,813
Accounts payable	\$ 114,041	\$ 14,041
Net assets	\$ 527,826	\$ 677,826
Grants and contributions to others	\$ 224,953	\$ 124,953