



SHARPE
PATELCPA

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Table of Contents

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



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Dementia Alliance of North Carolina, Inc., a nonprofit organization (The Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dementia Alliance of North Carolina, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Sharpe Patel PLLC

Raleigh, North Carolina
September 14, 2022

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 535,439	\$ 415,273
Investments	-	246,221
Accounts receivable	442	30,635
Inventory	2,593	2,593
Accrued income	-	610
Prepaid expenses	64,544	111,288
Total current assets	603,018	806,620
Property and equipment, net	5,980	11,422
Non-current assets:		
Investments	219,559	-
Deposits	3,835	3,835
Total non-current assets	223,394	3,835
Total assets	\$ 832,392	\$ 821,877
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 6,843	\$ 8,326
Accrued payroll	2,109	11,424
Accrued vacation	15,258	19,945
Other accrued expenses	257	-
Deferred rent obligation	751	5,006
Deferred lease incentive	742	5,194
Deferred revenue	3,293	3,848
Note payable	-	74,040
Total current liabilities	29,253	127,783
Net assets		
With donor restriction	415,020	363,925
Without donor restrictions	388,119	330,169
Total net assets	803,139	694,094
Total liabilities and net assets	\$ 832,392	\$ 821,877

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions, memorials, and bequests	\$ 395,357	\$ 144,305	\$ 539,662
Fundraising events revenue	288,935	-	288,935
Less: direct fundraising expenses	(63,218)	-	(63,218)
PPP loan forgiveness	74,040	-	74,040
Total public support	<u>695,114</u>	<u>144,305</u>	<u>839,419</u>
Revenue:			
Program services	19,485	-	19,485
Sales, gross	5,451	-	5,451
Investment income	(17,819)	-	(17,819)
Total revenue	<u>7,117</u>	<u>-</u>	<u>7,117</u>
Net assets released from restriction	<u>93,210</u>	<u>(93,210)</u>	<u>-</u>
Total public support and revenue	<u>795,441</u>	<u>51,095</u>	<u>846,536</u>
EXPENSES:			
Program services:			
Patient and family services	242,825	-	242,825
Public awareness and education	120,210	-	120,210
Community outreach policy	66,318	-	66,318
Research	101,014	-	101,014
Total program services	<u>530,366</u>	<u>-</u>	<u>530,366</u>
Supporting services:			
Management and general	108,958	-	108,958
Fundraising	98,168	-	98,168
Total supporting services	<u>207,125</u>	<u>-</u>	<u>207,125</u>
Total expenses	<u>737,491</u>	<u>-</u>	<u>737,491</u>
Change in net assets	57,950	51,095	109,045
Net assets at beginning of year	<u>330,169</u>	<u>363,925</u>	<u>694,094</u>
Net assets at end of year	<u>\$ 388,119</u>	<u>\$ 415,020</u>	<u>\$ 803,139</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, 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, as restated	<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.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services				Supporting Services				Total Expenses
	Patient and Family Services	Public Awareness and Education	Community Outreach Policy	Research	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Compensation, taxes, and benefits	\$ 164,445	\$ 67,834	\$ 62,399	\$ 1,014	\$ 295,691	\$ 65,215	\$ 70,734	\$ 135,949	\$ 431,640
Contract labor	-	10,754	-	-	10,754	16,608	-	16,608	27,362
Direct program expenses	19,520	-	-	-	19,520	-	-	-	19,520
Professional fees	-	3,919	3,919	-	7,837	2,612	2,612	5,225	13,062
Office supplies	5,388	-	-	-	5,388	1,796	1,796	3,592	8,980
Telephone and internet	1,844	-	-	-	1,844	615	615	1,229	3,073
Postage and shipping	453	-	-	-	453	302	756	1,058	1,511
Occupancy	12,850	12,850	-	-	25,700	8,567	8,567	17,134	42,834
Insurance	-	-	-	-	-	4,297	-	4,297	4,297
Grants and contributions to others	23,276	-	-	100,000	123,276	-	-	-	123,276
Equipment rental and maintenance	4,211	4,211	-	-	8,423	2,808	2,808	5,615	14,038
Printing and publications	3,260	3,260	-	-	6,519	1,087	3,260	4,346	10,865
Education products and services	-	286	-	-	286	-	-	-	286
Travel	1,979	1,979	-	-	3,958	1,319	1,319	2,639	6,597
Conferences and meetings	-	9,519	-	-	9,519	-	-	-	9,519
Depreciation	2,240	2,240	-	-	4,479	1,493	1,493	2,986	7,465
Fundraising events indirect expense	-	-	-	-	-	-	1,970	1,970	1,970
Miscellaneous	3,359	3,359	-	-	6,718	2,239	2,239	4,478	11,196
Expenses as reported on the Statement of Activities	<u>242,825</u>	<u>120,210</u>	<u>66,318</u>	<u>101,014</u>	<u>530,366</u>	<u>108,958</u>	<u>98,168</u>	<u>207,125</u>	<u>737,491</u>
Direct fundraising expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,218</u>	<u>63,218</u>	<u>63,218</u>
Total expenses	<u>\$ 242,825</u>	<u>\$ 120,210</u>	<u>\$ 66,318</u>	<u>\$ 101,014</u>	<u>\$ 530,366</u>	<u>\$ 108,958</u>	<u>\$ 161,386</u>	<u>\$ 270,343</u>	<u>\$ 800,709</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, 2021

	Program Services					Supporting Services				Total Expenses
	Patient and Family Services	Public Awareness and Education	Community Outreach Policy	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.
Statements of Cash Flows
For the years ended June 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 109,045	\$ 16,268
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	7,465	7,182
Forgiveness of loan	(74,040)	(66,000)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	30,193	(20,811)
Accrued income	610	1,005
Prepaid expenses	46,744	(48,475)
Accounts payable	(1,483)	(5,715)
Accrued payroll	(9,315)	(397)
Accrued vacation	(4,687)	3,273
Other accrued expenses	257	-
Deferred rent obligation	(4,255)	(2,754)
Deferred lease incentive	(4,452)	(4,451)
Deferred revenue	(555)	(32,778)
Net cash provided (used) by operating activities	95,527	(153,653)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(219,559)	-
Proceeds from maturity of investments	246,221	186,653
Purchases of property and equipment	(2,023)	-
Net cash provided (used) by investing activities	24,639	186,653
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	74,040
Net cash provided (used) by financing activities	-	74,040
Net increase (decrease) in cash and cash equivalents	120,166	107,040
Cash and cash equivalents, beginning of year	415,273	308,233
Cash and cash equivalents, end of year	\$ 535,439	\$ 415,273

The accompanying notes are an integral part of these financial statements

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

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 \$388,119 and \$165,540 as of June 30, 2022 and 2021, 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 \$415,020 and \$328,554 as of June 30, 2022 and 2021, respectively.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021.

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 Items and Services (Gifts in Kind)

Effective January 1, 2014, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2013-06, *Services Received from Personnel of an Affiliate*, which resulted in the recognition of in-kind goods and services.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Items and Services (Gifts in Kind) (Continued)

In addition, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* effective the for the year ended June 30, 2022. Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as support without restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

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.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

- 4) 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.

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, 2022 and 2021.

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, 2022 and 2021.

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 \$10,865 and \$2,702 in advertising costs for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the Organization's cash deposits exceed the FDIC insured limits by approximately \$193,423 and \$120,725, 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, 2022 and 2021

4. INVESTMENTS

The portfolio of investments is carried at their fair market value. Market values and unrealized gains and losses pertaining to the investment portfolio as of June 30, 2022 are as follows:

	2022		2021	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash	\$ 49,759	\$ 49,759	\$ -	\$ -
Mutual Funds	219,559	245,249	-	-
Total	<u>\$ 269,318</u>	<u>\$ 295,008</u>	<u>\$ -</u>	<u>\$ -</u>
Unrealized gain (loss)		<u>\$ (25,690)</u>		<u>\$ -</u>

Investment revenues are reported net of related investment fees in the statements of activities. The following schedule summarized investment return for the years ended June 30, 2022 and 2021:

	2022	2021
Investment income	3,759	1,996
Dividends	4,112	-
Unrealized gain (losses)	(25,690)	-
Net invest return	<u>\$ (17,819)</u>	<u>\$ 1,996</u>

The Security Investor Protection Company (SIPC) protects investments held by the broker up to \$500,000. The brokers also offers additional coverage beyond the SIPC limits through London Underwriters and other insurance companies if the broker is liquidated or declared insolvent.

The Organization's investments consist of certificates of deposit held at various financial institutions at June 30, 2021. The following summarizes the certificates of deposit's rate of return, maturity date, and fair value:

Certificate of Deposit	Interest Rate	Maturity Date	June 30, 2022	June 30, 2021
			Fair Value	Fair Value
C	3.00%	7/6/2021	\$ -	\$ 246,221
			<u>\$ -</u>	<u>\$ 246,221</u>

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.

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.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

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.

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, 2022 and 2021:

Assets at Fair Value as of June 30, 2022				
Category	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 219,559	\$ -	\$ -	\$ 219,559
	219,559	-	-	219,559

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

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, 2022 and 2021, the Organization incurred costs of \$12,238 and \$10,041, respectively.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<i>Subject to expenditures for a specific purpose or passage of time</i>		
Respite	\$ 41,920	\$ 42,146
Education	33,642	8,741
Research	289,965	306,765
Family services	44,589	5,325
Other	4,904	948
Total net assets with restrictions	<u>\$ 415,020</u>	<u>\$ 363,925</u>

During the years ended June 30, 2022 and 2021, net assets released from restrictions totaled \$93,210 and \$64,629, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office furniture	\$ 14,330	\$ 14,330
Leasehold improvements	23,000	23,000
Computer and software	17,797	15,774
Total property and equipment	<u>55,127</u>	<u>53,104</u>
Less: accumulated depreciation	<u>(49,147)</u>	<u>(23,876)</u>
Total property and equipment, net	<u>\$ 5,980</u>	<u>\$ 29,228</u>

Depreciation expense was \$7,465 and \$7,182 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021. As of June 30, 2022 and 2021, deferred rent liability totaled \$751 and \$5,006, respectively, and deferred rent incentive liability was \$742, and \$5,194, respectively.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

9. LEASE COMMITMENTS (Continued)

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

Fiscal Year Ending	Amount
June 30, 2023	13,340
Total	\$ 13,340

Subsequent to year end the Organization entered into a new agreement for the office in Raleigh, North Carolina beginning in September 2022. The lease initially contained two months of free rent and will be up fit to the existing space.

10. LINE OF CREDIT

As of June 30, 2021, the Organization has available an unsecured revolving line of credit with First Citizens Bank 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. As of June 30, 2022, the Organization entered into a new unsecured revolving line of credit with North State Bank in the amount of \$50,000 with a variable interest rate equal to the Prime Rate plus 1.5%. Any unpaid principal and interest outstanding on the line of credit is due when the line of credit matures on January 10, 2023.

There was no outstanding balance as of June 30, 2022 and 2021.

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. During the year ended June 30, 2022, the loan was fully forgiven.

12. CONCENTRATIONS

For the years ended June 30, 2022 and 2021, approximately 26% and 18%, respectively, of the Organization's revenues were received during the Tri-Walk/Fest of Hope held by the Organization.

DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

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:

	2022	2021
Cash	\$ 535,439	\$ 415,273
Investments	219,559	246,221
Accounts receivable	442	30,635
Less: assets with restriction	(415,020)	(363,925)
Less: accounts payable	(6,843)	(8,326)
Less: accrued expenses	(2,109)	(11,424)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	\$ 331,468	\$ 308,454

At June 30, 2022 and 2021, 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.

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 September 14, 2022, 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.