



SHARPE  
PATELCPA

# DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
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## 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), which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statement of activities, functional expenses, 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, 2025 and 2024, 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 audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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  
October 31, 2025

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 681,996	\$ 553,213
Certificate of deposits	104,971	49,979
Accounts receivable	82,879	3,109
Accrued income	11,103	17,360
Prepaid expenses	15,690	16,561
Inventory	413	629
Total current assets	897,052	640,851
Property and equipment, net	6,481	3,489
Non-current assets:		
Investments	248,087	235,309
Security Deposits	3,835	3,835
Right of use lease asset, net of amortization	114,271	164,343
Total non-current assets	366,193	403,487
Total assets	\$ 1,269,726	\$ 1,047,827
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 11,938	\$ 11,007
Accrued payroll	13,118	11,069
Accrued vacation	15,161	14,818
Other accrued expenses	975	995
Deferred revenue	31,120	39,395
Current portion of lease liability	51,682	50,601
Total current liabilities	123,994	127,885
Non-current liabilities:		
Long-term portion of lease liability	80,348	132,031
Total non-current liabilities	80,348	132,031
Total liabilities	204,342	259,916
Net assets:		
With donor restriction	400,346	231,981
Without donor restrictions	665,038	555,930
Total net assets	1,065,384	787,911
Total liabilities and net assets	\$ 1,269,726	\$ 1,047,827

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

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Contributions, memorials, and bequests	\$ 368,114	\$ 380,208	\$ 748,322
Fundraising events revenue	416,530	-	416,530
Less: direct fundraising expenses	<u>(73,444)</u>	<u>-</u>	<u>(73,444)</u>
Total public support	<u>711,200</u>	<u>380,208</u>	<u>1,091,408</u>
Revenue:			
Program services	178,098	-	178,098
Sales, net	292	-	292
Investment income	<u>39,094</u>	<u>-</u>	<u>39,094</u>
Total revenue	<u>217,484</u>	<u>-</u>	<u>217,484</u>
Net assets released from restriction	<u>211,843</u>	<u>(211,843)</u>	<u>-</u>
Total public support and revenue	<u>1,140,527</u>	<u>168,365</u>	<u>1,308,892</u>
<b>EXPENSES</b>			
Program services:			
Patient and family services	341,626	-	341,626
Public awareness and education	180,467	-	180,467
Community outreach policy	83,833	-	83,833
Research	<u>97,980</u>	<u>-</u>	<u>97,980</u>
Total program services	<u>703,905</u>	<u>-</u>	<u>703,905</u>
Supporting services:			
Management and general	191,350	-	191,350
Fundraising	<u>135,809</u>	<u>-</u>	<u>135,809</u>
Total supporting services	<u>327,159</u>	<u>-</u>	<u>327,159</u>
Other expenses:			
Loss on sale of property and equipment	<u>(355)</u>	<u>-</u>	<u>(355)</u>
Total expenses	<u>1,031,419</u>	<u>-</u>	<u>1,031,419</u>
Change in net assets	109,108	168,365	277,473
Net assets at beginning of year	<u>555,930</u>	<u>231,981</u>	<u>787,911</u>
Net assets at end of year	<u>\$ 665,038</u>	<u>\$ 400,346</u>	<u>\$ 1,065,384</u>

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

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Contributions, memorials, and bequests	\$ 446,781	\$ 75,320	\$ 522,101
Fundraising events revenue	352,707	-	352,707
Less: direct fundraising expenses	(63,519)	-	(63,519)
Total public support	<u>735,969</u>	<u>75,320</u>	<u>811,289</u>
Revenue:			
Program services	201,198	-	201,198
Sales, net	733	-	733
Investment income	31,335	-	31,335
Total revenue	<u>233,266</u>	<u>-</u>	<u>233,266</u>
Net assets released from restriction	<u>246,132</u>	<u>(246,132)</u>	<u>-</u>
Total public support and revenue	<u>1,215,367</u>	<u>(170,812)</u>	<u>1,044,555</u>
<b>EXPENSES</b>			
Program services:			
Patient and family services	325,209	-	325,209
Public awareness and education	173,272	-	173,272
Community outreach policy	70,381	-	70,381
Research	97,150	-	97,150
Total program services	<u>666,012</u>	<u>-</u>	<u>666,012</u>
Supporting services:			
Management and general	179,292	-	179,292
Fundraising	124,209	-	124,209
Total supporting services	<u>303,502</u>	<u>-</u>	<u>303,502</u>
Total expenses	<u>969,514</u>	<u>-</u>	<u>969,514</u>
Change in net assets	245,853	(170,812)	75,041
Net assets at beginning of year, as restated	<u>310,077</u>	<u>402,793</u>	<u>712,870</u>
Net assets at end of year	<u>\$ 555,930</u>	<u>\$ 231,981</u>	<u>\$ 787,911</u>

The accompanying notes to the 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, 2025**

	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	\$ 242,287	\$ 92,767	\$ 72,844	\$ 1,186	\$ 409,086	\$ 118,128	\$ 88,194	\$ 206,322	615,408
Contract labor	-	19,638	-	-	19,638	24,067	-	24,067	43,705
Direct program expenses	15,306	-	-	-	15,306	-	-	-	15,306
Professional fees	-	10,988	10,988	-	21,976	7,325	7,325	14,651	36,627
Office supplies	12,348	-	-	-	12,348	4,116	4,116	8,232	20,580
Telephone and internet	2,131	-	-	-	2,131	710	710	1,420	3,551
Postage and shipping	1,068	-	-	-	1,068	712	1,780	2,491	3,559
Occupancy	(40)	(40)	-	-	(80)	(27)	(27)	(54)	(134)
Insurance	-	-	-	-	-	5,450	-	5,450	5,450
Grants and contributions to others	20,319	-	-	96,793	117,112	-	-	-	117,112
Equipment rental and maintenance	3,678	3,678	-	-	7,355	2,452	2,452	4,904	12,259
Printing and publications	3,810	3,810	-	-	7,620	1,270	3,810	5,080	12,700
Education products and services	-	293	-	-	293	-	-	-	293
Travel	11,107	11,107	-	-	22,214	7,405	7,405	14,809	37,023
Conferences and meetings	-	8,614	-	-	8,614	-	-	-	8,614
Depreciation	15,281	15,281	-	-	30,563	10,188	10,188	20,375	50,938
Fundraising events indirect expense	-	-	-	-	-	-	302	302	302
Miscellaneous	14,331	14,331	-	-	28,663	9,554	9,554	19,108	47,771
Expenses as reported on the Statement of activities	<u>341,626</u>	<u>180,467</u>	<u>83,833</u>	<u>97,980</u>	<u>703,905</u>	<u>191,350</u>	<u>135,809</u>	<u>327,159</u>	<u>1,031,064</u>
Cost of goods sold	-	216	-	-	216	-	73,444	73,444	73,660
Total expenses	<u>\$ 341,626</u>	<u>\$ 180,683</u>	<u>\$ 83,833</u>	<u>\$ 97,980</u>	<u>\$ 704,121</u>	<u>\$ 191,350</u>	<u>\$ 209,253</u>	<u>\$ 400,603</u>	<u>\$1,104,724</u>

The accompanying notes to the 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, 2024**

	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	\$ 215,694	\$ 82,585	\$ 64,849	\$ 1,056	\$ 364,184	\$ 105,162	\$ 78,514	\$ 183,676	\$ 547,860
Contract Labor	-	23,537	-	-	23,537	28,846	-	28,846	52,383
Direct program expenses	20,530	-	-	-	20,530	-	-	-	20,530
Professional fees	-	5,532	5,532	-	11,064	3,688	3,688	7,376	18,440
Office supplies	21,632	-	-	-	21,632	7,211	7,211	14,421	36,053
Telephone and internet	2,131	-	-	-	2,131	710	710	1,420	3,551
Postage and shipping	859	-	-	-	859	573	1,432	2,005	2,864
Occupancy	40	40	-	-	80	27	27	54	134
Insurance	-	-	-	-	-	5,290	-	5,290	5,290
Grants and contributions to others	20,172	-	-	96,094	116,266	-	-	-	116,266
Equipment rental and maintenance	6,487	6,487	-	-	12,974	4,325	4,325	8,649	21,623
Printing and publications	4,947	4,947	-	-	9,895	1,649	4,947	6,596	16,491
Education products and services	-	-	-	-	-	-	-	-	-
Travel	3,527	3,527	-	-	7,053	2,351	2,351	4,702	11,755
Conferences and meetings	-	17,426	-	-	17,426	-	-	-	17,426
Depreciation	17,116	17,116	-	-	34,232	11,411	11,411	22,822	57,054
Fundraising events indirect expense	-	-	-	-	-	-	1,544	1,544	1,544
Miscellaneous	12,075	12,075	-	-	24,150	8,050	8,050	16,100	40,250
Expenses as reported on the Statement of activities	<u>325,209</u>	<u>173,272</u>	<u>70,381</u>	<u>97,150</u>	<u>666,012</u>	<u>179,292</u>	<u>124,209</u>	<u>303,502</u>	<u>969,514</u>
Cost of goods sold	<u>-</u>	<u>278</u>	<u>-</u>	<u>-</u>	<u>278</u>	<u>-</u>	<u>63,519</u>	<u>63,519</u>	<u>63,797</u>
Total expenses	<u>\$ 325,209</u>	<u>\$ 173,550</u>	<u>\$ 70,381</u>	<u>\$ 97,150</u>	<u>\$ 666,290</u>	<u>\$ 179,292</u>	<u>\$ 187,728</u>	<u>\$ 367,021</u>	<u>\$1,033,311</u>

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

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 277,473	\$ 75,041
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	866	1,406
Amortization of the right of use asset	50,072	55,648
Investment income	-	(15,179)
Realized and unrealized gain/loss	(12,779)	(16,156)
Loss on sale of property and equipment	355	-
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(79,770)	16,844
Accrued income	6,257	(14,496)
Prepaid expenses	871	(14)
Inventory	216	278
Accounts payable	931	(7,894)
Accrued payroll	2,049	10,726
Accrued vacation	343	2,001
Other accrued	(20)	973
Deferred rent obligation	-	742
Deferred lease incentive	-	(742)
Deferred revenue	(8,275)	20,849
Net cash provided (used) by operating activities	238,589	130,027
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(54,991)	(31,673)
Proceeds from maturity of investments	-	50,000
Proceeds from sale of property and equipment	500	-
Purchases of property and equipment	(4,713)	(2,737)
Net cash provided (used) by investing activities	(59,204)	15,590
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of principal portion of lease liability	(50,602)	(52,390)
Net cash provided (used) by financing activities	(50,602)	(52,390)
Net increase (decrease) in cash and cash equivalents	128,783	93,227
Cash and cash equivalents, beginning of year	553,213	459,986
Cash and cash equivalents, end of year	\$ 681,996	\$ 553,213

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

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**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 Alzheimer's 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 \$665,038 and \$555,930 as of June 30, 2025 and 2024, 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 \$400,346 and \$231,981 as of June 30, 2025 and 2024, respectively.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**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, 2025 and 2024.

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.

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.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

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

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

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.
- 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.

**DEMENTIA ALLIANCE OF NORTH CAROLINA, INC.**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**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, 2025 and 2024.

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, 2025 and 2024.

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 \$12,700 and \$16,491 in advertising costs for the years ended June 30, 2025 and 2024, respectively.

**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, 2025 and 2024, the Organization's cash deposits exceed the FDIC insured limits by approximately \$362,983 and \$152,683, 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.

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**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, 2025 are as follows:

	2025		2024	
	Cost	Fair Market Value	Cost	Fair Market Value
Certificates of deposit	\$ 104,971	\$ 104,971	\$ 49,979	\$ 49,979
Mutual Funds	230,541	248,087	240,076	235,309
<b>Total</b>	<b>\$ 335,512</b>	<b>\$ 353,058</b>	<b>\$ 290,055</b>	<b>\$ 285,288</b>
Unrealized gain (loss)		<u>\$ 17,546</u>		<u>\$ (4,767)</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, 2025 and 2024:

	2025	2024
Investment income	18,401	8,352
Dividends	7,914	6,827
Unrealized gain (losses)	12,779	16,156
<b>Net invest return</b>	<b>\$ 39,094</b>	<b>\$ 31,335</b>

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, 2025. 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, 2025	June 30, 2024
			Fair Value	Fair Value
Bank of America	4.25%	8/12/2025	104,971	\$ -

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, 2025.

*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.

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**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, 2025 and 2024:

Assets at Fair Value as of June 30, 2025				
Category	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 104,971	\$ -	\$ 104,971
Mutual Funds	\$ 248,087	\$ -	\$ -	\$ 248,087
<b>Total</b>	<b>\$ 248,087</b>	<b>\$ 104,971</b>	<b>\$ -</b>	<b>\$ 353,058</b>

  

Assets at Fair Value as of June 30, 2024				
Category	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 49,979	\$ -	\$ 49,979
Mutual Funds	\$ 235,309	\$ -	\$ -	\$ 235,309
<b>Total</b>	<b>\$ 235,309</b>	<b>\$ 49,979</b>	<b>\$ -</b>	<b>\$ 285,288</b>

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**6. 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<i>Subject to expenditures for a specific purpose or passage of time</i>		
Respite	\$ 17,257	\$ 10,884
Education	32,133	1,000
Research	266,656	167,261
Family services	21,297	49,309
Other	<u>63,003</u>	<u>3,527</u>
Total net assets with restrictions	<u>\$ 400,346</u>	<u>\$ 231,981</u>

During the years ended June 30, 2025 and 2024, net assets released from restrictions totaled \$211,843 and \$246,132, respectively. The releases represent funds received from donors with restrictions that were spent during the year, according to the requirements set by the donor.

**7. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Office furniture	\$ 14,330	\$ 14,330
Leasehold improvements	23,000	23,000
Computer and software	<u>23,225</u>	<u>20,535</u>
Total property and equipment	60,555	57,865
Less: accumulated depreciation	<u>(54,074)</u>	<u>(54,376)</u>
Total property and equipment, net	<u>\$ 6,481</u>	<u>\$ 3,489</u>

Depreciation expense was \$866 and \$1,406 for the years ended June 30, 2025 and 2024, respectively.

**8. LEASE COMMITMENTS**

Under ASC 842, if a contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

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**8. LEASE COMMITMENTS (Continued)**

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

During the years ended June 30, 2025 and 2024, the Organization is a lessee in a noncancelable operating lease agreement for office space. The lease term began in July 2022 and continues for five years through November 2027. The lease calls for starting monthly payments of \$4,369 in the year 2023 with a 3% increase each year until expired as written in the lease. The lease liability is measured at a discount rate of 4.85%, based on the short-term lending rate as of the start of lease.

As a result of the lease, the Organization has recorded a right to use asset with original value of \$275,639 and net book values of \$114,271 and \$164,343 as of June 30, 2025 and 2024, respectively.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 were as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 51,682	\$ 4,937
2027	55,938	2,386
2028	24,410	193
	<u>\$ 132,030</u>	<u>\$ 7,516</u>

**9. LINE OF CREDIT**

As of June 30, 2025 and 2024, the Organization has available an 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%. Any unpaid principal and interest outstanding on the line of credit is due when the line of credit matures on January 10, 2025. There was no outstanding balance as of June 30, 2025 and 2024.

**10. 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, 2025 and 2024, the Organization incurred costs of \$10,877 and \$10,480, respectively.

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**11. CONCENTRATIONS**

For the years ended June 30, 2025 and 2024, approximately 11% and 15%, respectively, of the Organization's revenues were received during the Tri-Walk/Fest of Hope held by the Organization. For the years ended June 30, 2025, approximately 11% of revenues were from Guardian Angel and 12% were from EISAI.

**12. RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2025, the Organization received a grant from Guardian Angel in the amount of \$150,000. The Executive Director of Guardian Angel sits on the board of directors at Dementia Alliance.

**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>2025</u>	<u>2024</u>
Cash	\$ 681,996	\$ 553,213
Investments	353,058	285,288
Accounts receivable	82,879	3,109
Less: assets with restriction	(400,346)	(231,981)
Less: accounts payable	(11,938)	(11,007)
Less: accrued expenses	<u>(13,118)</u>	<u>(11,069)</u>
Total financial assets available to meet general expenditures and liabilities within the next 12 months	<u>\$ 692,531</u>	<u>\$ 587,553</u>

	<u>2025</u>	<u>2024</u>
Cash	\$ 681,996	\$ 553,213
Investments	353,058	285,288
Accounts receivable	80,197	3,109
Less: assets with restriction	(400,346)	(231,981)
Less: accounts payable	(11,938)	(11,007)
Less: accrued expenses	<u>(13,118)</u>	<u>(11,069)</u>
Total financial assets available to meet general		

At June 30, 2025 and 2024, 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 9 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 October 31, 2025, which is the date the financial statements were available to be issued.