

**DEMENTIA SOCIETY OF AMERICA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018 (Audited)  
And December 31, 2017 (Reviewed)**

(See Independent Auditors' Report)



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## Independent Auditors' Report

The Board of Directors  
Dementia Society of America  
Doylestown, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Dementia Society of America (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities 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 Society of America as of December 31, 2018, 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.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statement, the Organization adopted *ASU 2016-14 (Topic 958) Presentation of Financial Statements for Not-for-Profit Entities*. The implementation of this standard resulted in reclassification of net asset accounts as well as additional disclosures. The most significant changes are more fully discussed in Note 1.

### **Prior Period Financial Statements**

The 2017 financial statements were reviewed by us, and our report thereon, dated March 19, 2018, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2017, for it to be consistent with the reviewed financial statements from which it has been derived



Bee, Bergvall and Company, P.C.  
Certified Public Accountants

Warrington, PA  
April 24, 2019

DEMENTIA SOCIETY OF AMERICA

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 (Audited) and December 31, 2017 (Reviewed)

**ASSETS**

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Cash Equivalents	\$ 238,764	\$ 168,844
Prepaid Expenses	2,608	1,121
Investment	<u>251,671</u>	<u>-</u>
Total Current Assets	<u>493,043</u>	<u>169,965</u>
Other Assets	<u>1,050</u>	<u>1,050</u>
 TOTAL ASSETS	 <u>\$ 494,093</u>	 <u>\$ 171,015</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts Payable	\$ <u>23,202</u>	\$ <u>19,998</u>
TOTAL LIABILITIES	<u>23,202</u>	<u>19,998</u>
Net Assets		
Without Donor Restriction		
Unrestricted	465,891	101,017
Board Designated Funds	<u>5,000</u>	<u>50,000</u>
TOTAL NET ASSETS	<u>470,891</u>	<u>151,017</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 494,093</u>	 <u>\$ 171,015</u>

See accompanying notes and independent auditors' report

DEMENTIA SOCIETY OF AMERICA

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 (Audited) and December 31, 2017 (Reviewed)

	<u>2018</u>	<u>2017</u>
Public Support and Revenue		
Contributions	\$ 624,084	\$ 252,130
Federal Campaigns	10,792	-
In Kind Donations	123,445	57,076
Special Events	50,209	2,227
Program Revenue	1,988	1,400
Interest Income	602	780
Total Public Support and Revenues	<u>811,120</u>	<u>313,613</u>
Functional Expenses		
Program Services	364,310	177,147
Support Services		
General and Administrative	49,706	38,695
Fundraising	77,230	28,883
Total Functional Expenses	<u>491,246</u>	<u>244,725</u>
Change in Net Assets	319,874	68,888
Net Assets Without Donor Restriction, Beginning of Year	<u>151,017</u>	<u>82,129</u>
Net Assets Without Donor Restriction, End of Year	<u>\$ 470,891</u>	<u>\$ 151,017</u>

See accompanying notes and independent auditors' report

DEMENTIA SOCIETY OF AMERICA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018 (Audited)

With Summarized Comparative Totals for the Year Ended December 31, 2017 (Reviewed)

		<u>2018</u>			<u>2017</u>
	<u>Program</u>	<u>General</u>	<u>Fund</u>		
	<u>Services</u>	<u>&amp; Admin</u>	<u>Raising</u>	<u>Total</u>	<u>Total</u>
Programs	\$ 145,027	\$ 491	\$ 10,813	\$ 156,331	\$ 35,930
Advertising and Promotion	131,763	100	31,899	163,762	72,560
Charitable Donations	-	-	-	-	9,839
Dues and Subscriptions	2,916	200	60	3,176	2,542
Insurance	-	1,801	-	1,801	1,606
Miscellaneous Expenses	2,501	-	930	3,431	1,499
Occupancy Expenses	86	13,414	-	13,500	9,462
Office Expenses	3,298	1,615	5,707	10,620	6,516
Postage	12,696	2,082	1,239	16,017	9,586
Printing	5,965	608	2,981	9,554	8,396
Professional Fees	17,331	15,337	17,951	50,619	35,778
Software	621	6,697	-	7,318	7,597
Telephone	2,929	1,676	1,125	5,730	7,719
Trademark and copyright expenses	14,631	1,267	-	15,898	665
Travel and Conferences	18,058	258	-	18,316	18,704
Web Design	6,488	4,160	4,525	15,173	16,326
Total Functional Expenses	<u>\$ 364,310</u>	<u>\$ 49,706</u>	<u>\$ 77,230</u>	<u>\$ 491,246</u>	<u>\$ 244,725</u>

See accompanying notes and independent auditors' report



DEMENTIA SOCIETY OF AMERICA

STATEMENTS OF CASH FLOWS

December 31, 2018 (Audited) and December 31, 2017 (Reviewed)

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 319,874	\$ 68,888
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Changes in operating assets and liabilities		
(Increase)/Decrease in prepaid assets	(1,487)	550
(Increase)/Decrease in accounts receivable	-	2,390
Increase/(Decrease) in accounts payable	<u>3,204</u>	<u>11,653</u>
Net cash provided by (used in) operating activities	<u>321,591</u>	<u>83,481</u>
Cash Flows from Investing Activities		
Purchase of investments	<u>(251,671)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(251,671)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	69,920	83,481
Cash and cash equivalents, beginning of year	<u>168,844</u>	<u>85,363</u>
Cash and cash equivalents, end of year	<u>\$ 238,764</u>	<u>\$ 168,844</u>

See accompanying notes and independent auditors' report

# DEMENTIA SOCIETY OF AMERICA

## Notes to Financial Statements

December 31, 2018

### **NOTE 1. Reporting Entity**

Dementia Society of America is a non-profit organization that enhances the quality of life for those living with dementia, caregivers, and the community.

### **NOTE 2. Summary of Significant Accounting Policies**

*Basis of Accounting:* The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this basis, revenues are recognized when earned and expenses when incurred.

*Comparative Information:* The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United State of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

*Reclassifications:* Certain amounts in the prior year financial statement have been reclassified for comparative purposes to conform to the current year presentation.

*Financial Statement Presentation:* Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restrictions expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2018

**NOTE 2. Summary of Significant Accounting Policies (Continued)**

*Cash and Cash Equivalents:* For purposes of the cash flow statement, cash equivalents are any investments with original maturities of three months or less.

*Income Taxes:* The Organization is a not-for-profit organization that is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as an entity that is not a private foundation.

As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's federal tax return is subject to audit by taxing authorities. The Organization's returns open audit periods are for the fiscal years ended December 31, 2015 - 2017.

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses, including functional expenses, during the reporting period. Accordingly, actual results could differ from those estimates.

*Contributions:* Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2018

**NOTE 2. Summary of Significant Accounting Policies (Continued)**

*Revenue and Revenue Recognition:* Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

*Donated Services and In-kind Contributions:* Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities, however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

*Receivables:* Receivables are estimated to be fully collectible and no allowance for bad debts has been provided. If a receivable is determined to be uncollectible, it will be charged directly to operations in the year that determination is made.

*Prepaid Expenses:* Insurance premiums and membership fees are included in prepaid expenses for all items paid in advance.

*Investments:* Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their quoted fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Donated investments are reflected as contributions at their market values at the date of receipt. Interest earnings, realized gains and losses, and unrealized gain and losses are reported as investment income.

*Functional Allocation of Expenses:* The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited

*Advertising:* All advertising costs are expensed when incurred.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2018

**NOTE 2. Summary of Significant Accounting Policies (Continued)**

*New Accounting Pronouncement:* The Organization adopted ASU 2016-14 (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The effective date of the Standard is December 31, 2018. The prior period statements have been reclassified in accordance with this standard. Temporarily and Permanently Restricted Net Assets has been renamed Net Assets With Donor Restrictions. In addition, Note 7 regarding liquidity has been added to these footnotes.

*Subsequent Events:* The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available for release. In February, 2019, the organization purchased a Building in the amount of \$600,000 and correspondingly incurred a mortgage of \$500,000. No other subsequent events have been recognized or disclosed.

**NOTE 3. Concentration of Credit Risk**

The Organization places its cash balances with high credit quality institutions. At times, such balances may be in excess of the \$250,000 FDIC insurance limits on interest bearing accounts thus exposing the Organization to a loss in the amount of the excess. There is no limit on FDIC insurance for non-interest bearing accounts. As of December 31, 2018 there was no amount in excess of FDIC.

**NOTE 4. Liquidity and Availability**

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2018
	<u>Audited</u>
Cash and Cash Equivalents	\$ 238,764
Prepaid Expenses	2,608
Investment	<u>251,671</u>
	<u>\$ 493,043</u>

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2018

**NOTE 4. Liquidity and Availability (Continued)**

The interest earned on board designated investments is available for general use. As part of the liquidity management plan, the Organization invests in cash in excess of daily requirements in short-term investments and money market funds.

**NOTE 5. Fair Value of Financial Instruments**

The Organization follows Fair Value Measurements as required by the FASB Standards Codification, which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Codification emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair value for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discount cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2018

**NOTE 5. Fair Value of Financial Instruments (Continued)**

The following table represents the Organization's fair value hierarchy for those investments that are measured at fair value on a recurring basis as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual Funds	\$ 251,116	\$ -	\$ -	\$ 251,116
Bitcoin	<u>-</u>	<u>555</u>	<u>-</u>	<u>555</u>
	<u>\$ 251,116</u>	<u>\$ 555</u>	<u>\$ -</u>	<u>\$ 251,671</u>

**NOTE 6. Net Assets**

At December 31, 2018, the Board of Directors has designated net assets of \$5,000 for use in 2019 on the Education book for caregivers project.

**NOTE 7. Donated Goods and Facilities**

The Organization follows the practice of recording the estimated value of donated goods, services and facilities as contributions if there is an objective basis available to measure the value of such services. For the year ended December 31, 2018, the value of donated services and facilities was \$123,445.

**NOTE 8. Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, telephone and web design which are allocated on the basis of estimates of time and usage. All other expenses are charged based on the program or supporting service directly benefited based on direct expenditures incurred.