

**DEMENTIA SOCIETY OF AMERICA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

(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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

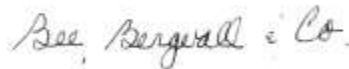
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dementia Society of America as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Dementia Society of America's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

Warrington, PA  
July 30, 2021

DEMENTIA SOCIETY OF AMERICA  
STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Cash Equivalents	\$ 333,123	\$ 275,630
Investment	1,108,534	505,758
Accounts Receivable	98,885	1,610
Prepaid Expenses	1,016	1,110
Other Current Assets	<u>1,281</u>	<u>1,056</u>
Total Current Assets	<u>1,542,839</u>	<u>785,164</u>
Capital Assets		
Building and Improvements	897,565	850,634
Furniture and Equipment	12,984	12,984
Less: Accumulated Depreciation	<u>(31,985)</u>	<u>(1,728)</u>
Net Capital Assets	<u>878,564</u>	<u>861,890</u>
Other Assets	<u>500</u>	<u>1,050</u>
 TOTAL ASSETS	 <u>\$ 2,421,903</u>	 <u>\$ 1,648,104</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Current portion of note payable	\$ 11,391	\$ 34,833
Accounts Payable	14,951	92,375
Unearned Revenue	<u>-</u>	<u>25,000</u>
Total Current Liabilities	<u>26,342</u>	<u>152,208</u>
Long-Term Liabilities		
Mortgage Payable	<u>470,522</u>	<u>457,859</u>
Total Long-Term Liabilities	<u>470,522</u>	<u>457,859</u>
 TOTAL LIABILITIES	 <u>\$ 496,864</u>	 <u>\$ 610,067</u>
Net Assets		
Without Donor Restriction		
Unrestricted	<u>\$ 1,925,039</u>	<u>\$ 1,038,037</u>
TOTAL NET ASSETS	<u>1,925,039</u>	<u>1,038,037</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,421,903</u>	 <u>\$ 1,648,104</u>

See accompanying notes and independent auditors' report

DEMENTIA SOCIETY OF AMERICA

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Public Support and Revenue		
Contributions	\$ 1,497,703	\$ 907,381
Federal Campaigns	19,507	17,032
In Kind Donations	148,263	255,552
Program Revenue	40,216	17,916
Rental Income	-	7,125
Realized Gains (Losses)	19,943	731
Unrealized Gains (Losses)	(10,855)	(8,813)
Interest and Dividend Income	16,065	13,685
Total Public Support and Revenues	<u>1,730,842</u>	<u>1,210,609</u>
Functional Expenses		
Program Services	613,543	479,591
Support Services		
General and Administrative	172,614	92,693
Fundraising	57,683	71,179
Total Functional Expenses	<u>843,840</u>	<u>643,463</u>
Change in Net Assets	887,002	567,146
Net Assets Without Donor Restriction, Beginning of Year	<u>1,038,037</u>	<u>470,891</u>
Net Assets Without Donor Restriction, End of Year	<u>\$ 1,925,039</u>	<u>\$ 1,038,037</u>

See accompanying notes and independent auditors' report

DEMENTIA SOCIETY OF AMERICA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

With Summarized Comparative Totals for the Year Ended December 31, 2019

	<u>2020</u>				<u>2019</u>
	<u>Program</u>	<u>General</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>&amp; Admin</u>	<u>Raising</u>		
Programs	\$ 170,255	\$ 764	\$ 3,000	\$ 174,019	\$ 156,540
Advertising and Promotion	227,378	-	27,425	254,803	194,843
Depreciation Expense	9,687	19,519	1,050	30,256	1,728
Dues and Subscriptions	3,938	155	197	4,290	3,942
Furnishings	1,231	4,891	-	6,122	3,854
Insurance	1,497	1,449	-	2,946	3,859
Interest	7,959	16,094	-	24,053	18,817
Investment fees	-	144	-	144	-
Miscellaneous Expenses	17,752	32	375	18,159	1,698
Occupancy Expenses	16,216	32,671	1,757	50,644	39,133
Office Expenses	6,728	25,146	1,511	33,385	13,490
Postage	15,345	1,150	-	16,495	18,708
Printing	10,744	468	823	12,035	3,459
Professional Fees	39,787	43,297	17,992	101,076	121,725
Computers and Software	19,686	5,079	975	25,740	13,286
Taxes	-	8,079	-	8,079	6,057
Telephone	9,811	2,003	100	11,914	8,556
Trademark and Copyright Expenses	37,080	8,975	-	46,055	1,550
Travel and Conferences	2,359	143	-	2,502	12,120
Web Design	16,090	2,555	2,478	21,123	20,098
Total Functional Expenses	<u>\$ 613,543</u>	<u>\$ 172,614</u>	<u>\$ 57,683</u>	<u>\$ 843,840</u>	<u>\$ 643,463</u>

See accompanying notes and independent auditors' report



DEMENTIA SOCIETY OF AMERICA

STATEMENTS OF CASH FLOWS

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 887,002	\$ 567,146
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Realized and Unrealized (Gains) Losses	(9,088)	8,082
Donated Crypto Currency	(48,185)	
Depreciation expense	30,256	1,728
Changes in operating assets and liabilities		
(Increase)/Decrease in accounts receivable	(97,275)	(1,610)
(Increase)/Decrease in prepaid assets	94	1,498
(Increase)/Decrease in other current assets	(225)	(500)
(Increase)/Decrease in other assets	775	-
Increase/(Decrease) in accounts payable	(77,424)	69,173
Increase/(Decrease) in deferred revenue	(25,000)	25,000
Net cash provided by (used in) operating activities	<u>660,930</u>	<u>670,517</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(46,930)	(863,618)
Purchase of investments	(613,631)	(517,099)
Sale of other assets	<u>67,903</u>	<u>254,374</u>
Net cash provided by (used in) investing activities	<u>(592,658)</u>	<u>(1,126,343)</u>
Cash Flows from Financing Activities		
Proceeds from mortgage	-	492,692
Repayment of mortgage payable	<u>(10,779)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(10,779)</u>	<u>492,692</u>
Net increase/(decrease) in cash and cash equivalents	<u>57,493</u>	<u>36,866</u>
Cash and cash equivalents, beginning of year	<u>275,630</u>	<u>238,764</u>
Cash and cash equivalents, end of year	<u>\$ 333,123</u>	<u>\$ 275,630</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 24,053</u>	<u>\$ 18,817</u>

See accompanying notes and independent auditors' report

# DEMENTIA SOCIETY OF AMERICA

## Notes to Financial Statements

December 31, 2020

### **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, 2019, 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 restriction 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, 2020

### **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 years ended December 31, 2017- 2019.

*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.

*Property and Equipment:* Property and equipment are stated at their historical purchased cost. Expenditures that significantly add to productive capacity or useful life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2020

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

*Property and Equipment: (continued)*

Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as Net Assets With Donor Restriction. Absent donor stipulations regarding how long those donated assets must be utilized, the Organization reports net assets released from restrictions when the acquired assets are placed in service.

Property and equipment donated to the Organization are carried at fair market value as determined by an independent appraiser on the date the property was donated.

*Depreciation:* Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Depreciation expense for the year ended December 31, 2020 was \$30,256.

*Revenue and Revenue Recognition:* The Organization receives revenue from a variety of revenue streams. The policy for the material revenue streams is discussed below.

- 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.
- 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.

*Donated Services and In-kind Contributions:* The Organization received donated professional services and other advertising services of \$148,263 for the year ended December 31, 2020. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2020

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

*Donated Services and In-kind Contributions: (continued)*

In addition, 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.

*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.

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

*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. No items were noted which required adjustment to or disclosure in the financial.

# DEMENTIA SOCIETY OF AMERICA

## Notes to Financial Statements

December 31, 2020

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

*New Accounting Pronouncement:* ASU No. 2018-13 (Topic 820), Fair Value Measurement: The new guidance is intended to improve the effectiveness of disclosures in the notes to financial statements. The objective of these disclosure requirements is to provide financial statement users with information about assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to the financial statements regarding (1) the valuation techniques and inputs used to develop fair value measurements, including the related judgments and assumptions made, (2) the uncertainty in the fair value measurements as of the reporting date, and (3) how changes in the measurements impact the performance and cash flows of the entity. The Organization's financial statements reflect the application of this guidance for the year ending December 31, 2020. The implementation had no effect on net assets and the adoption did not impact previously issued financial statements.

*Future Accounting Pronouncements:* ASU No. 2016-02 (Topic 842), Leases: This standard substantially changes current principles of lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. ASU 2016-02 establishes a right-of-use ("ROU") model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current generally accepted accounting principles, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This standard will be implemented in the fiscal year ending 2022. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

*ASU No. 2020-07 (Topic 958), Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets:* This standard changes the presentation and disclosure requirements of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The standard requires that contributed nonfinancial assets be presented as a separate line item in the statement of activities and additional disclosures will be presented, including disaggregation of amounts, qualitative information, and valuation techniques and inputs be disclosed that were used to arrive at the fair value of the contributed nonfinancial asset. This standard will be implemented in the fiscal year ending 2022. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2020

**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, 2020 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:

Cash and Cash Equivalents	\$ 333,123
Account Receivables	98,885
Investment	<u>1,108,534</u>
	<u>\$ 1,540,542</u>

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.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2020

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

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.

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equities	\$ 80,234	\$ -	\$ -	\$ 80,234
ETFs	20,409	-	-	20,409
Mutual Funds	<u>1,007,891</u>	<u>-</u>	<u>-</u>	<u>1,007,891</u>
	<u>\$ 1,108,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108,534</u>



DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2020

**NOTE 6. Mortgage**

In 2019 the Organization obtained a \$500,000 loan for the purpose of purchasing an office building. The note is secured by a mortgage on the office building. The loan is for a 10-year period. The interest rate is 4.85% for the first 5 years based on a twenty-five-year amortization. After the first five years, the bank shall reset the interest rate to the 5 Year U.S. Treasury Rate plus 2.5% for the remaining 5 years based on a twenty-year amortization. All remaining unpaid principal will be due March 5, 2029. The currently monthly mortgage payment is \$2,903. Maturities for the next five years and thereafter are:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2021	\$ 11,391
2022	11,964
2023	12,566
2024	13,136
2025	13,798
2026-2029	<u>419,058</u>
	<u>\$ 481,913</u>

**NOTE 7. Functional 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. In addition, 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.

**NOTE 8. Related Parties**

The Organization utilizes a company owned by the Executive Director for consulting on fundraising ideas. For the year ended December 31, 2020 the total amount paid to the company was \$14,244 which represents fair market value for the services.

DEMENTIA SOCIETY OF AMERICA

Notes to Financial Statements

December 31, 2020

**NOTE 9. Risks and Uncertainties**

In December, 2019 a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in the United States. There is significant uncertainty around the breadth and duration of business disruptions related COVID-19.