

MEMORYCARE, INC.
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

MemoryCare, Inc.
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MemoryCare, Inc.
Asheville, North Carolina

We have audited the accompanying financial statements of MemoryCare, Inc., 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 financial statement disclosures.

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 error or fraud.

Auditor's 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 of 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 auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MemoryCare, Inc. 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 MemoryCare's 2019 financial statements, and our report dated June 22, 2020, expressed an unmodified opinion on those audited financial statements. 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.

Carliss & Solomon, PLLC

Asheville, North Carolina
May 24, 2021

MemoryCare, Inc.
Statement of Financial Position

As of December 31, 2020

(With summarized comparative totals as of December 31, 2019)

	2020	2019
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,000,247	\$ 825,863
Patient Care and Caregiver Fees Receivable, Net	134,062	98,625
Pledges Receivable, Net	122,057	131,950
Grants Receivable	12,057	159,623
Prepaid Expenses	50,041	44,411
Total Current Assets	1,318,464	1,260,472
<u>Long-Term Assets</u>		
Board Designated Fund with CFWNC	7,280,168	5,007,617
Investment Accounts	1,053,951	1,047,803
Pledges Receivable, Long-Term	35,900	122,125
Property and Equipment, Net	3,426,430	3,554,386
Total Long-Term Assets	11,796,449	9,731,931
Total Assets	\$ 13,114,913	\$ 10,992,403
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 6,903	\$ 6,478
Payroll and Related Liabilities	5,868	24,544
Deferred Caregiver Fees	219,323	225,536
Total Current Liabilities	232,094	256,558
<u>Net Assets</u>		
Without Donor Restrictions		
Available for Operations	1,196,691	1,046,839
Board Designated Fund	7,680,168	5,407,617
Investment in Property and Equipment	3,426,430	3,554,386
Total Without Donor Restrictions	12,303,289	10,008,842
With Donor Restrictions	579,530	727,003
Total Net Assets	12,882,819	10,735,845
Total Liabilities and Net Assets	\$ 13,114,913	\$ 10,992,403

The accompanying disclosures are an integral part of these financial statements.

MemoryCare, Inc.

Statement of Activities

Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Support and Revenue				
Contributions	\$ 1,584,361	\$ 208,263	\$ 1,792,624	\$ 922,716
Grants	175,531	419,287	594,818	545,975
Patient Care Fees	465,242	-	465,242	477,673
Caregiver Fees	420,217	-	420,217	385,236
Other Clinical Revenue	740	-	740	5,871
Investment Income	128,080	-	128,080	20,161
Contributed Use of Facilities	107,420	-	107,420	114,732
Contributed Goods and Services	24,532	-	24,532	33,292
Other Income	8,299	-	8,299	7,395
Net Assets Released from Restrictions	775,023	(775,023)	-	-
Total Support and Revenue	3,689,445	(147,473)	3,541,972	2,513,051
Expenses				
Program Services	1,976,820	-	1,976,820	1,726,343
Management and General	123,524	-	123,524	122,813
Fundraising	96,810	-	96,810	86,040
Total Functional Expenses	2,197,154	-	2,197,154	1,935,196
Change in Net Assets before Gains in Funds with CFWNC	1,492,291	(147,473)	1,344,818	577,855
Gain in Funds with CFWNC, Net	802,156	-	802,156	742,287
Total Change in Net Assets	2,294,447	(147,473)	2,146,974	1,320,142
Net Assets, Beginning of Year:	10,008,842	727,003	10,735,845	9,415,703
Net Assets, End of Year	\$ 12,303,289	\$ 579,530	\$ 12,882,819	\$ 10,735,845

The accompanying disclosures are an integral part of these financial statements.

MemoryCare, Inc.

Statement of Functional Expenses

Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	Program	Management and General	Fundraising	Total 2020	Total 2019
Personnel					
Salaries	\$ 1,268,928	\$ 60,232	\$ 60,128	\$ 1,389,288	\$ 1,247,650
Payroll Taxes	95,816	4,548	4,540	104,904	84,444
Health Insurance	87,162	4,137	4,130	95,429	77,232
Retirement	37,522	1,781	1,778	41,081	36,578
Total Personnel	1,489,428	70,698	70,576	1,630,702	1,445,904
Accounting Fees	-	12,090	-	12,090	11,200
Clinical Supplies	15,474	-	-	15,474	1,368
Computer and Software Expense	57,347	2,208	6,676	66,231	27,895
Contract Labor	43,018	4,077	-	47,095	7,137
Development/Outreach	11,231	2,459	12,293	25,983	23,852
Insurance	36,243	448	450	37,141	38,454
Office Supplies	4,209	200	199	4,608	8,588
Other Expenses	3,604	171	167	3,942	7,621
Postage	8,090	352	351	8,793	8,898
Printing	7,371	320	321	8,012	4,685
Professional Development	18,321	-	-	18,321	19,671
Occupancy Expense	16,935	804	802	18,541	11,811
Resource Center/Support Group	3,214	-	-	3,214	3,371
Staff Appreciation	2,241	-	-	2,241	2,190
Travel and Lodging	2,599	-	-	2,599	2,610
Telephone/Communications	6,889	327	326	7,542	7,587
Sub-total Expenses	1,726,214	94,154	92,161	1,912,529	1,632,842
Contributed Facilities Utilized	98,114	4,657	4,649	107,420	114,732
Contributed Goods and Services	3,532	-	-	3,532	2,292
Depreciation	148,960	16,551	-	165,511	164,329
Uncollectible Account Expense	-	8,162	-	8,162	21,001
Total Expenses	\$ 1,976,820	\$ 123,524	\$ 96,810	\$ 2,197,154	\$ 1,935,196

The accompanying disclosures are an integral part of these financial statements.

MemoryCare, Inc.
Statement of Cash Flows
Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 2,146,974	\$ 1,320,142
Adjustments to reconcile change in net assets to net cash provided or used by operating activities:		
Depreciation	165,511	164,329
Stock Donations Received	(16,093)	(36,635)
Gain in Funds with CFWNC, Net	(802,156)	(742,287)
Investment Income	(128,080)	(20,161)
(Increase)/Decrease in Operating Assets		
Patient Care and Caregiver Fees Receivable, Net	(35,437)	1,241
Pledges Receivable	96,118	(163,010)
Grants Receivable	147,566	(149,821)
Prepaid Expenses	(5,630)	1,015
Increase/(Decrease) in Operating Liabilities		
Payroll and Related Liabilities	(18,676)	(3,329)
Accounts Payable	425	119
Deferred Caregiver Fees	(6,213)	35,724
Net Cash Provided by Operating Activities	1,544,309	407,327
Cash Flows from Investing Activities		
Stock Donations Liquidated	22,301	30,294
Investment (Purchases)/Sales, Net	115,724	(246,655)
Transfers to Board Designated Funds with CFWNC	(1,470,395)	(299,895)
Purchase of Equipment	(37,555)	(11,461)
Net Cash Used by Investing Activities	(1,369,925)	(527,717)
Net Change in Cash and Cash Equivalents	174,384	(120,390)
Cash and Cash Equivalents, Beginning of Year	825,863	946,253
Cash and Cash Equivalents, End of Year	\$ 1,000,247	\$ 825,863

The accompanying disclosures are an integral part of these financial statements.

MemoryCare, Inc.

Financial Statement Disclosures

Year Ended December 31, 2020

1. Description of the Organization, Corporate and Tax-Exempt Status

MemoryCare is a non-profit, charitable organization. Its mission is three-fold: 1) to provide specialized medical care to older adults with cognitive loss, 2) to support caregivers with education, counseling, and improved access to services, and 3) to provide community education.

The organization was incorporated in May 2000 as a not-for-profit corporation under the laws of the state of North Carolina and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Contributions to the organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The organization is classified as a publicly supported organization under Section 509(a)(1).

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require an organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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.

Funding

The organization's primary funding sources are contributions, grants, and patient and caregiver revenue.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents.

Concentration of Credit Risk Related to FDIC

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are reported at fair market value on the statement of financial position with realized and unrealized gains and losses reflected on the statement of activities.

Fair Value Measurements

In accordance with U.S. GAAP, the organization follows "Fair Value Measurements." This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements under U.S. GAAP. Fair value is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at an agreed-upon measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market." Items carried at fair value on a recurring basis by MemoryCare consist of funds held by the Community Foundation of WNC and pledges receivable.

Property and Equipment

Property and equipment purchases of \$500 or more are capitalized at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets: 5 to 7 years for equipment, furniture; 15 years for building improvements; and 31.5 years for buildings.

Revenue Recognition

Revenue is recognized when earned and receivables are recorded at net realizable value. Program services 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

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to net assets without donor restrictions and are reported on the statement of activities as "Net Assets Released from Restrictions." Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification or beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

Board Designated Endowment

MemoryCare maintains a Board designated endowment to support its mission. The fund is held and managed by a community foundation in accord with investment guidelines established by MemoryCare and investing policies established by the community foundation. The asset is reported at fair value in accordance with U.S. GAAP. The organization also appropriates for expenditure varying amounts each year based on the needs of its operating budget.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

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 statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

MemoryCare is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2020 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived. Certain amounts in the prior-year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

The organization's liquidity management plan is to invest cash in excess of daily requirements in a money market account or a certificate of deposit. Occasionally, the Board may designate a portion of operating funds for use in the next 6-24 months.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 1,000,247	\$ 825,863
Patient Care and Caregiver Fees Receivable, Net	134,062	98,625
Pledges Receivable, Net	157,957	254,075
Grants Receivable	12,057	159,623
Investment Accounts	1,053,951	1,047,803
Board Designated Fund with CFWNC	7,280,168	5,007,617
Total Financial Assets	<u>9,638,442</u>	<u>7,393,606</u>
Less amounts not available to be used in one year:		
Board Designated Net Assets	7,680,168	5,407,617
Long- Term Pledges Receivable	35,900	122,125
Long- Term Restricted Net Asset	212,725	163,622
Total not available to be used in one year	<u>7,928,793</u>	<u>5,693,364</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,709,649</u>	<u>\$ 1,700,242</u>

The organization's objective is to have readily available funds that are sufficient to meet its operating expenses in the event of a temporary shortfall in charitable contributions and grant funding. Depending on economic conditions and the anticipated charitable fund-raising environment, the charitable funding reserve shall be maintained at a targeted fund level equivalent to 6-24 months of budgeted expenses that are equivalent to projected income from charitable donations, grants, and bequests. The minimum six-month target level would be appropriate at times when the economic and anticipated fund-raising environment is favorable, and the maximum 24-month level would be appropriate in a severely depressed economic environment.

4. ***Cash and Cash Equivalents***

MemoryCare's cash and cash equivalent amounts are shown in the list below.

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Checking	\$ 643,522	\$ 409,762
Money Market	356,252	415,643
Savings	301	333
Petty Cash	172	125
Total Cash and Cash Equivalents	<u>\$ 1,000,247</u>	<u>\$ 825,863</u>

5. ***Patient Care and Caregiver Revenue and Receivables***

MemoryCare bills Medicare for eligible patient care services, which include comprehensive new patient evaluations and follow-up visits as needed. Caregiver services provided to the patients' family members are not eligible for Medicare or private insurance and are billed directly to the caregivers. During 2020, the organization waived the fee, fully or partially, for 22 percent of its caregivers. Patient care and caregiver receivables and the related allowance for uncollectible amounts are summarized as follows:

<u>As of December 31</u>	<u>2020</u>	<u>2019</u>
Patient Care and Caregiver Fees Receivable	\$ 150,505	\$ 106,906
Less: Allowance for Doubtful Accounts	(16,443)	(8,281)
Patient Care and Caregiver Fees Receivable, Net	<u>\$ 134,062</u>	<u>\$ 98,625</u>

6. ***Pledges Receivable***

As of December 31, 2020, pledges receivable consists of amounts expected to be collected over the years listed below. The discount on present value for pledges due in more than one year is immaterial and not reflected in the receivable calculation.

<u>Year Ending December 31:</u>	
2021	\$ 124,557
2022	32,275
2023	2,625
2024	1,000
Total Pledges Receivable	<u>160,457</u>
Less: Allowance for Doubtful Pledges	(2,500)
Pledges Receivable, Net of Allowance	<u>\$ 157,957</u>

7. Grants Receivable

Grants receivable are shown below and are due within one year or less. Management believes the amounts are fully collectible.

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Buncombe Aging Coordinating Consortium	\$ 7,932	\$ 4,375
Duke Endowment	-	150,000
United Way	4,125	5,248
Total Grants Receivable	<u>\$ 12,057</u>	<u>\$ 159,623</u>

8. Fund with CFWNC/ Board Designated Net Assets

Since 2006, MemoryCare has maintained a Board designated fund at the Community Foundation of Western North Carolina (CFWNC). The "MemoryCare Flexible Endowment Fund" is a quasi-endowment designated by the Board of Directors to provide investment income to supplement MemoryCare's operating income.

In accordance with the agreement with the CFWNC, MemoryCare can withdraw from the fund at its discretion. There is a requirement that a \$10,000 minimum balance be maintained. The funds are invested in pools according to MemoryCare guidelines as approved by the CFWNC's investment committee using asset allocation techniques to produce a diversified portfolio that will grow but not expose the fund to unacceptable levels of risk. Fund activity during 2020 is summarized on the following schedule:

	<u>Flexible Endowment Fund</u>
Balance as of December 31, 2019	\$ 5,007,617
Activity in 2020:	
Transfers from MemoryCare	1,470,395
Investment Income	106,830
Investment Gains	739,390
Fund Management Fees	(44,064)
Distribution to MemoryCare	-
Balance as of December 31, 2020	<u>\$ 7,280,168</u>

In addition to the Board designated fund at the CFWNC, MemoryCare held designated monies for future contingencies. These designated monies, totaling \$400,000 as of December 31, 2020, brought total Board designated assets to \$7,680,168 as of this date.

9. External Funds Benefiting MemoryCare

MemoryCare is the income beneficiary of four perpetual endowment funds held and owned by community foundations. The four funds are not assets of MemoryCare and are, therefore, not reflected on the accompanying statement of financial position of the organization.

- 1) The MemoryCare Fund was established in 2001 by The Janirve Foundation at the CFWNC as an endowment to benefit MemoryCare. In 2020, MemoryCare received \$52,371 from the fund.
- 2) The Diana Armatage Johnston Fund for MemoryCare was established in January 2006 by a donor at the Community Foundation of Henderson County. In 2020, MemoryCare received \$2,322 from the fund.

- 3) The Noel Family Fund for MemoryCare, was established at the CFWNC in April 2013 by MemoryCare and the family of the founder of MemoryCare, Margaret A. Noel, MD. In 2020, MemoryCare received \$24,100 from the fund.
- 4) The Connie De Land Fund named MemoryCare the charitable beneficiary on July 23, 2018. In 2020, MemoryCare received \$2,390 from the fund.

10. **Property and Equipment**

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
SECU Building	\$ 3,562,081	\$ 3,562,081
Office Furniture and Equipment	345,511	308,626
Less: Accumulated Depreciation	(481,162)	(316,321)
Property and Equipment, Net	<u>\$ 3,426,430</u>	<u>\$ 3,554,386</u>

Depreciation expense is \$165,511 and \$164,329 for the years ended December 31, 2020 and 2019, respectively.

11. **Deferred Revenue**

Deferred revenue consists of unearned caregiver fees collected and covers a one-year period. MemoryCare deferred caregiver fees totaled \$219,323 and \$225,536 as of December 31, 2020 and 2019, respectively.

12. **Net Assets with Donor Restrictions**

Net assets with donor restrictions were available for the following purposes:

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Building Reserve	\$ 57,725	\$ 58,622
Caregiver Network	21,378	24,029
Creative Arts	4,858	4,858
Services to Low Income Patients	-	20,000
Gift of Care Endowment	40,000	30,000
Garden Fund	5,224	5,224
Haywood County Satellite Clinic	16,250	16,750
AV Expansion Project	209,095	412,220
TeleHealth Project/Indigent Care	80,000	50,000
Growth Fund	90,000	70,000
Services in Yancey, Mitchell and Madison	-	300
Agarwal Fund	25,000	-
Education	30,000	35,000
Total Net Assets With Donor Restrictions	<u>\$ 579,530</u>	<u>\$ 727,003</u>

13. **PPP Conditional Grant Award**

In May 2020, the organization received a Paycheck Protection Program loan in the amount of \$223,800. The loan was forgiven when the organization met the criteria specified in the agreement and was recognized as grant revenue on November 21, 2020 when the SBA approved the application for forgiveness.

14. Lease Commitments

Since its inception, MemoryCare has had an ongoing below market lease agreement with Givens Estates for a facility housing its operating and clinical space. In 2016 the parties entered a new lease agreement to include a 50-year grounds lease for the new facility, with the option to renew up to 99 years. Additionally, Givens will assist with facility and grounds maintenance for a 10-year period.

15. Contributed Use of Facilities

MemoryCare receives assistance with facility and grounds maintenance from Givens Estates with an estimated fair value of the in-kind contribution at \$93,922 for the year ended December 31, 2020. MemoryCare also receives at no charge the use of facilities for its satellite clinics in other counties. The estimated value of the contributed facilities received is \$13,498 for the Haywood County clinic. Total contributed facilities of \$107,420 is reflected on the statement of activities in both income and expenses.

16. Contributed Goods and Services

In 2020, MemoryCare's founder and clinical employee donated a portion of her time to the organization. The fair market value of the gift is estimated at \$21,000.

17. Retirement Plan

MemoryCare maintains a 403(b)-retirement plan for eligible employees. The organization matches employee contributions up to four percent of salary. The expense to the organization was \$41,081 and \$36,578 for the years ended December 31, 2020 and 2019, respectively.

18. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2020 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Funds with CFWNC	\$ 7,280,168	\$ -	\$ 7,280,168	\$ -
Investments	1,053,951	1,053,951	-	-
Pledges Receivable	157,957	-	-	157,957
Total	<u>\$ 8,492,076</u>	<u>\$ 1,053,951</u>	<u>\$ 7,280,168</u>	<u>\$ 157,957</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Financial assets valued using Level 3 inputs are based partially on unobservable inputs, usually requiring management assumptions because there is little or no market data available. The fair value of multi-year pledges receivable is subject to management's determination of the allowance for collectability.

The following are Level 3 assets measured at fair value on a recurring basis using significant unobservable inputs (see following page):

	Pledges Receivable
January 1, 2020	\$ 254,075
Pledge Collections	(96,118)
December 31, 2020	<u>\$ 157,957</u>

19. Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the effects of the global situation on the organization's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the fiscal year 2021.

20. Subsequent Events

Subsequent events have been evaluated through May 24, 2021, which is the date the financial statements were available to be issued.