

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Financial Statements**  
**June 30, 2012**

**Contents**

	<b><u>Page</u></b>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12

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## *Independent Auditors' Report*

To the Board of Directors of  
Interfaith Dental Clinic of Nashville

We have audited the accompanying statements of financial position of Interfaith Dental Clinic of Nashville (a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Dental Clinic of Nashville as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Parker, Parker & Associates*

October 24, 2012

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Statement of Financial Position**  
**June 30, 2012**

**Assets**

**Current Assets**

Cash	\$ 28,491
Patient Accounts Receivable, Net of Allowance of \$46,701	80,277
Government Grant Receivable	11,100
Other Contributions Receivable, Net of Allowance of \$17,855	160,691
Inventory	5,000
Prepaid Expenses	8,949
Total Current Assets	<u>294,508</u>

**Property & Equipment**

Buildings	2,041,212
Dental Equipment	876,646
Office Equipment and Software	125,124
Land	143,453
	<u>3,186,435</u>
Less: Accumulated Depreciation	(796,955)
Total Property & Equipment	<u>2,389,480</u>

**Other Assets**

Restricted Cash and Investments	289,653
Beneficial Interest in Agency Endowment Fund Held by the Community Foundation of Middle Tennessee	8,553
Other Contributions Receivable, Net of Allowance and Discount of \$41,031	199,102
Deferred Loan Costs, Net of \$2,500 of Amortization	2,500
Deposits	1,765
Total Other Assets	<u>501,573</u>
Total Assets	<u><u>\$ 3,185,561</u></u>

**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ 50,434
Accrued Salaries, Wages, Payroll Deductions Withheld & Taxes	24,247
Accrued Retirement and HSA Contributions	3,618
Accrued Compensated Absences	17,201
Patient Credits	28,372
Total Current Liabilities	<u>123,872</u>

**Long-Term Liabilities**

Line of Credit - Pinnacle Bank	<u>426,600</u>
Total Liabilities	<u>550,472</u>

**Net Assets**

Unrestricted Net Assets	
Unrestricted	1,977,090
Board Designated for Clinic Emergency and Building Maintenance	186,579
Board Designated for Beneficial Interest	8,553
Board Designated for Graham Memorial Fund	103,074
Total Unrestricted Net Assets	<u>2,275,296</u>
Temporarily Restricted Net Assets	<u>359,793</u>
Total Net Assets	<u>2,635,089</u>
Total Liabilities and Net Assets	<u><u>\$ 3,185,561</u></u>

See notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue</b>			
Patient Fees	\$ 615,794	\$ -	\$ 615,794
Investment Income (Loss)	(9,856)	-	(9,856)
Interest and Dividend Income	6,764	-	6,764
Other Income	1,550	-	1,550
<b>Support</b>			
United Way	131,831	-	131,831
Capital Campaign Contributions and Grants	-	314,290	314,290
Government Grants	49,800	-	49,800
Individual and Foundation Contributions	336,521	23,500	360,021
Corporate Contributions	25,651	7,500	33,151
Church Contributions	22,530	-	22,530
Special Event Revenue	\$ 392,989		-
Less: Costs of Direct Benefits to Donors	<u>(120,342)</u>	-	272,647
Other Income	2,447	-	2,447
Donated Professional Services	417,273	-	417,273
Donated Supplies and Equipment	222,523	-	222,523
Net Assets Released from Restrictions	<u>755,163</u>	<u>(755,163)</u>	<u>-</u>
Total Revenue and Support	<u>2,850,638</u>	<u>(409,873)</u>	<u>2,440,765</u>
<b>Expenses</b>			
Dental Services	2,240,172	-	2,240,172
Management and General	90,724	-	90,724
Operational Fundraising	<u>298,052</u>	<u>-</u>	<u>298,052</u>
Total Expenses	<u>2,628,948</u>	<u>-</u>	<u>2,628,948</u>
Change in Net Assets	221,690	(409,873)	(188,183)
<b>Net Assets - Beginning of Year</b>	<u>2,053,606</u>	<u>769,666</u>	<u>2,823,272</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 2,275,296</u></u>	<u><u>\$ 359,793</u></u>	<u><u>\$ 2,635,089</u></u>

See notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2012**

	<u>Supporting Services</u>			
	<u>Dental Services</u>	<u>Management and General</u>	<u>Operational Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,040,223	\$ 61,190	\$ 122,379	\$ 1,223,792
Payroll Taxes	81,711	4,806	9,613	96,130
Employee Benefits	105,253	6,191	12,383	123,827
Bad Debt Expense	5,292	-	13,494	18,786
Communication Expenses	16,499	375	1,875	18,749
Computer Support, Upgrades and Repairs	19,674	437	1,749	21,860
Continuing Education and Volunteer and Employee Recognition	17,249	2,232	812	20,293
Contract Labor	3,046	-	-	3,046
Dental Equipment, Repairs & Maintenance	16,975	-	-	16,975
Dental Lab	116,636	-	-	116,636
Dental Supplies	186,101	-	-	186,101
Depreciation and Amortization	95,669	1,972	986	98,627
Donated Dental Supplies and Equipment	28,593	-	-	28,593
Donated Professional Services	400,673	2,000	14,600	417,273
Dues, Memberships and Licenses	5,675	2,365	1,419	9,459
Fundraising Expenses - Capital Campaign	-	-	85,115	85,115
General Supplies	2,623	58	233	2,914
Insurance	16,045	1,718	455	18,218
Interest Expense	4,407	415	363	5,185
Interior/Exterior Building Expenses	14,935	961	1,956	17,852
Loss (Gain) on Disposal of Assets	(1,188)	-	-	(1,188)
Merchant, Bank and Investment Fees	9,470	379	2,778	12,627
Office Supplies	5,233	748	1,495	7,476
Payroll Processing Fees	2,814	165	331	3,310
Printing and Postage	14,448	963	3,853	19,264
Professional Services	12,048	3,303	3,303	18,654
Special Events	-	-	16,403	16,403
Travel	-	-	673	673
Utilities	20,068	446	1,784	22,298
Total Expenses	<u>\$ 2,240,172</u>	<u>\$ 90,724</u>	<u>\$ 298,052</u>	<u>\$ 2,628,948</u>

See notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2012**

**Cash Flows from Operating Activities**

Decrease in Net Assets	\$ (188,183)
Adjustments to Reconcile Decrease in Net Assets to Cash	
Used by Operating Activities:	
Depreciation and Amortization	98,627
Donated Property and Equipment	(182,889)
Donated Inventory	(5,000)
Donated Marketable Securities	(1,253)
Realized and Unrealized Losses on Marketable Securities	9,566
Interest and Dividend Income on Restricted Cash and Investments	(6,627)
Fees on Restricted Cash and Investments	2,639
Decrease in Beneficial Interest in Agency Endowment Fund	220
(Increase) Decrease in Operating Assets:	
Patient Accounts Receivable	(6,723)
Government Grant Receivable	(4,710)
Other Contributions Receivable	155,964
Prepaid Expenses	(2,627)
Deposits	(1,765)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	17,656
Accrued Liabilities	9,659
Patient Credits	5,326
Contributions Restricted for Long-Term Purposes - Capital Campaign	(314,290)
Total Adjustments	<u>(226,227)</u>
Net Cash Used by Operating Activities	<u>(414,410)</u>

**Cash Flows from Investing Activities**

Transfer from Restricted Cash and Investments	6,572
Payments for the Purchase of Property and Equipment	<u>(732,270)</u>
Net Cash Used by Investing Activities	<u>(725,698)</u>

**Cash Flows from Financing Activities**

Collections of Contributions Restricted for Long-Term Purposes - Capital Campaign	644,491
Cash Receipts from Draws on Line of Credit from Pinnacle Bank	<u>355,395</u>
Net Cash Provided by Financing Activities	<u>999,886</u>

<b>Net Decrease in Cash</b>	(140,222)
<b>Cash - Beginning of Year</b>	<u>168,713</u>
<b>Cash - End of Year</b>	<u><u>\$ 28,491</u></u>

**Supplemental Cash Flow Disclosures:**

Cash Paid for:	
Interest	<u>\$ 7,196</u>
Noncash Investing Transactions:	
Donated Property and Equipment	<u>\$ 182,889</u>
Donated Marketable Securities	<u>\$ 1,253</u>
Reinvested Dividends on Restricted Cash and Investments	<u>\$ 6,627</u>

See notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Notes to Financial Statements**  
**June 30, 2012**

**Note 1. Summary of Significant Accounting Policies**

**A. Organization and Nature of Activities**

Interfaith Dental Clinic of Nashville (the "Clinic") is a nonprofit corporation dedicated to providing affordable dental care to uninsured working poor families and those over age 65 by providing access to affordable quality dental care, oral disease prevention services, and oral health education. The Clinic serves patients in Nashville, Tennessee and surrounding areas. On June 30, 2011, the Clinic purchased the top floor of a building, designated as a condo cooperative, located in Murfreesboro, Tennessee. The Murfreesboro, Tennessee location is a satellite clinic which began operations in February 2012.

**B. Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**C. Financial Statement Presentation**

The net assets of the Clinic and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time.

**D. Estimates**

The preparation of the 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 and disclosures. Accordingly, actual results could differ from those estimates.

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash includes cash on hand, demand deposits and investments with initial maturities of three months or less. The Clinic considers all cash and cash equivalents held with the investment advisor to be investments. As of June 30, 2012 there are no cash equivalents.

**F. Inventory**

Inventory, which is donated dental equipment not placed in service, is valued at estimated fair value on the date of donation.

**G. Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows unless the value not discounted is immaterial to the financial statements as a whole. Conditional promises to give are not included as support until the conditions are substantially met.

**H. Investments**

Investments in equity securities with readily determinable fair values, mutual funds and all investments in debt securities are reported at their fair values in the statement of financial position. The fair values for these investments are based on quoted market prices. Donated securities are recognized at the fair value on date of the contribution. All interest, dividends and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

**I. Property and Equipment**

Property and equipment with estimated useful lives greater than one year and cost of more than \$500 are carried at cost if purchased or fair market value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. Depreciation expense was \$96,127 for the year ended June 30, 2012.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Notes to Financial Statements - Continued**  
**June 30, 2012**

**Note 1. Summary of Significant Accounting Policies – Continued**

**J. Contributed Property and Equipment**

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**K. Impairment of Long-Lived Assets**

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

**L. Compensated Absences**

Full time employees are defined as those working 30 hours or more per week. Vacation pay is calculated based on each employee's regularly scheduled hours per week and is granted based upon each employee's employment contract. The total accrued vacation payable at June 30, 2012 is \$17,201.

**M. Functional Expenses**

Expenses are charged directly to program, management and general, or fundraising based on a combination of specific identification and allocation by management.

**N. Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**O. Contributed Services**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Clinic receives many contributed services from various dental professionals. These services meet the requirements for recognition in the financial statements and have been recorded or reflected in the accompanying financial statements.

**P. Patient Fees**

Fees are charged to the patients on a sliding scale based on their ability to pay according to the Federal Poverty Guidelines for Tennessee. The market value for services performed during the year ended June 30, 2012 was \$2,985,618. The discount between market value and patient fees recognized fluctuates with patient mix. The majority of patients are charged 20% of market value.

**Q. Income Taxes**

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

The Clinic's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they are filed.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Notes to Financial Statements - Continued**  
**June 30, 2012**

**Note 1. Summary of Significant Accounting Policies – Continued**

**R. Agency Endowment Fund**

The Clinic's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. Investment income and changes in the value are recognized in the statement of activities. Distributions received from the fund are recorded as decreases in the beneficial interest. The beneficial interest has been classified as an unrestricted net asset on the statement of financial position.

**S. Fair Value Measurements**

Assets and liabilities measured at fair value are recorded in accordance with FASB ASC 820-10, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820-10 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2 Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

**Note 2. Contributions Receivable**

Unconditional promises to give at June 30, 2012 are recorded as follows:

Receivable in One Year or Less	\$ 178,546
Receivable in One to Five Years	<u>240,133</u>
Total Contributions Receivable-Unrestricted	418,679
Less:	
Discounts for the Time Value of Money	(17,018)
Allowance for Uncollectible Receivables	<u>(41,868)</u>
Contributions Receivable, Net	<u><u>\$ 359,793</u></u>

Gross contributions have been discounted to account for the time value of money using discount rates ranging from 2.61% to 4.75%. The rates were determined using a risk adjusted discount rate technique after an allowance had been established.

**Note 3. Investments**

The Clinic holds investments contributed to the Graham Memorial Fund and the 1998 Building Fund in various equity securities and cash. These investments are carried at the fair market value determined on June 30, 2012 using quoted market prices. The investments are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain(Loss)</u>
Money Market	\$ 33,374	\$ 33,374	\$ -
Mutual Funds	<u>256,279</u>	<u>229,947</u>	<u>26,332</u>
Totals	<u><u>\$ 289,653</u></u>	<u><u>\$ 263,321</u></u>	<u><u>\$ 26,332</u></u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Notes to Financial Statements - Continued**  
**June 30, 2012**

**Note 4. Beneficial Interest in Agency Fund Endowment**

During the year ended June 30, 2002, the Clinic transferred \$5,000 to the Community Foundation of Middle Tennessee ("Community Foundation") under an agency endowment fund. It is the hope of the Clinic that other individuals will contribute to the fund. The Clinic has granted variance power to the Community Foundation, and the Community Foundation has ultimate authority and control over the Fund and the income derived there from. The clinic retains a beneficial interest in the endowment fund held by the Community Foundation. Upon request by the Clinic, income from the fund representing an annual return may be distributed to the Clinic or to another suggested beneficiary subject to the approval of the Community Foundation. The fund is charged a .4% administrative fee annually on the principal.

A schedule of the changes in the Clinic's beneficial interest in this fund for the year ended June 30, 2012 is as follows:

<b>Beneficial Interest - Beginning of Year</b>	<b>\$ 8,773</b>
<b>Change in Value of Beneficial Interest:</b>	
Contributions to the Fund	-
Realized Gain	100
Unrealized Gain	(390)
Interest and Dividends	137
Investment Fees	(33)
Administrative Expenses	(34)
	<u>(220)</u>
<b>Distributions to the Clinic</b>	<u>-</u>
<b>Beneficial Interest - End of Year</b>	<b><u>\$ 8,553</u></b>

**Note 5. Fair Value Measurements**

The following assets carried at fair value are reviewed and adjusted on a recurring basis:

<b>Asset</b>	<b>Fair Value June 30, 2012</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Contributions Receivable, Net	\$ 359,793	\$ -	\$ -	\$ 359,793
Restricted Cash and Investments	\$ 289,653	\$ 289,653	\$ -	\$ -
Beneficial Interest in Agency Endowment Fund Held by The Community Foundation of Middle Tennessee	\$ 8,553	\$ -	\$ 8,553	\$ -

The Clinic's beneficial interest in the agency endowment fund held by The Community Foundation of Middle Tennessee is valued using information obtained from The Community Foundation of Middle Tennessee. These valuations are based upon the market value in the underlying investments for the endowment funds.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Notes to Financial Statements - Continued**  
**June 30, 2012**

**Note 5. Fair Value Measurements - Continued**

The fair value of contributions receivable is estimated as the present value of expected future cash flows. A reconciliation of the beginning to ending balance of contribution receivable is as follows:

Other Contributions Receivable, Net - July 1, 2011	\$ 423,458
Increases:	
New Pledges	251,900
Change in Discount for the Time Value of Money	25,269
Decreases:	
Payments on Pledges	(327,340)
Write-Offs	(13,375)
Change in Allowance for Uncollectible Receivables	<u>(119)</u>
Other Contributions Receivable, Net - June 30, 2012	<u>\$ 359,793</u>

The Clinic's financial instruments also consist of cash, patient accounts receivable, government grant receivable, accounts payable and line of credit – Pinnacle Bank at June 30, 2012. The recorded value approximates fair value based upon their short-term nature using Level 1 inputs.

**Note 6. Line of Credit**

The Clinic's line of credit in the amount of \$625,000 with Pinnacle Bank was refinanced subsequent to year end. The change in terms extended the original maturity date from June 30, 2013 to December 31, 2013. The debt therefore is classified as long-term debt on the Clinic's Statement of Financial Position as of June 30, 2012. The line of credit was obtained for the purchase, renovation, staffing, furnishings and fixtures of the Murfreesboro clinic. Interest is payable monthly at fixed rate of 4.75%. Collateral for the line of credit consists of a first mortgage on the property located at 1721 Patterson Street located in Nashville, Tennessee and the new equipment to be purchased for the Murfreesboro clinic. As of June 30, 2012, the outstanding balance on the line of credit was \$426,600.

Maturity of the line of credit is as follows:

<b>Years Ended June 30,</b>	<b>Amount</b>
2013	\$ -
2014	426,600
Total	<u>\$ 426,600</u>

**Note 7. Unrestricted Net Assets**

Board designated net assets are available for the following purposes:

*Beneficial Interest* – See Note 4.

*Clinic Emergency and Building Maintenance* – This account is intended to provide funds necessary for emergency of building maintenance beyond what is budgeted in the Clinic's fiscal budget. It is also intended to serve as potential seed money for the establishment of an endowment account.

*Graham Memorial Fund* – This fund is for the specific purpose of offsetting the cost of care for those patients who are unable to meet the 20% pay requirement, ensuring the proceeds are used directly for patient care.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Notes to Financial Statements - Continued**  
**June 30, 2012**

**Note 8. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2012 are available for the following purposes:

Time Restricted Contributions	<u>\$ 359,793</u>
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**Note 9. Net Assets Released from Restrictions**

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by occurrence of other events as specified by the donors. Restricted contributions which have been released to operations as of June 30, 2012 are as follows:

Capital Campaign Expenses	\$ 484,598
Payments Received on Pledges	282,340
Decrease in Pledge Discounts	(25,269)
Increase in Pledge Allowance	119
Pledge Write Offs	<u>13,375</u>
Total	<u>\$ 755,163</u>

**Note 10. Contributed Property, Equipment and Services**

Donated property, equipment and services are used in the ongoing operations of the Clinic. The value of donated property, equipment and services included in the financial statements and the corresponding expenditure or asset capitalization for the year ended June 30, 2012 is as follows:

<u>Revenues</u>	
Donated Professional Services	\$ 417,273
Donated Supplies & Equipment	222,523
Special Events	<u>125</u>
Total	<u>\$ 639,921</u>

<u>Expenses</u>	
Donated Professional Services	\$ 417,273
Dental Supplies	28,593
Office Supplies	300
Repairs and Maintenance	5,741
Special Events	<u>125</u>
Total	<u>\$ 452,032</u>

<u>Assets</u>	
Inventory	\$ 5,000
Dental Equipment	160,554
Office Equipment and Software	<u>22,335</u>
Total	<u>\$ 187,889</u>

**Note 11. Interest Cost**

The Clinic capitalized interest cost as a component of the cost of construction in progress for the Murfreesboro clinic. Interest cost capitalized was \$2,011 and interest cost expensed was \$5,185 for the year ended June 30, 2012.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**Notes to Financial Statements - Continued**  
**June 30, 2012**

**Note 12. Retirement Plan**

The Clinic has a 401(k) Retirement Plan for all eligible employees. Employees age 21 or older become eligible to participate in the plan after one year of continuous service. The plan allows participants to contribute a portion of their earnings up to the maximum amount allowable under the Internal Revenue Code each year. The Clinic matches the first 3% of a participant's salary dollar for dollar and 50 cents on the dollar on the next 2% of salary for a maximum of 4%. Participants must contribute 5% of their annual salary to get the full 4% match. Clinic contributions of \$31,138 were made during the year ended June 30, 2012. The Clinic may also make discretionary contributions to the retirement plan. For the year ended June 30, 2012, there were no discretionary contributions made by the Clinic.

**Note 13. Concentrations**

For the year ended June 30, 2012, the Clinic received 14% of its total revenue and support from individual and foundation contributions, 25% from patient fees, 11% from special events less direct benefits to donors and 12% from the capital campaign contributions and grants.

The Clinic has unsecured promises to give from donors located primarily in the Middle Tennessee region. The gross amount due on unconditional promises to give at June 30, 2012 is \$418,679.

**Note 14. Operating Lease**

The Clinic leased a copier beginning in February 2009. The minimum monthly rental amount is \$236 for 60 months with the lease expiring in February 2014. This lease was renegotiated in January 2012 when this copier was moved to the Murfreesboro, Tennessee location. The only thing that changed with the renegotiated lease is that it allowed a color copy allowance. Additional amounts due under the lease are based on the number of copies made by the Clinic. The rent paid on this copier was \$3,601 for the year ended June 30, 2012.

The Clinic leased a copier for the Nashville location in January 2012. The minimum monthly rental amount is \$303 for 60 months with the lease expiring in January 2017. Additional amounts are due under the lease based on the number of black and white and color copies used over the allotment. The rent paid on this copier was \$1,876 for the year ended June 30, 2012.

Future minimum lease payments are as follows:

<b>Years Ended June 30,</b>	<b>Annual Lease Payments</b>
2013	\$ 6,165
2014	4,108
2015	3,636
2016	3,636
2017	3,636
2018	2,121
Total	<u>\$ 23,302</u>

**Note 15. Subsequent Events**

The Clinic extended the terms of the line of credit with Pinnacle Bank on October 5, 2012 (refer to Note 6). The change in terms extended the original maturity date from June 30, 2013 to December 31, 2013. The balance of the line of credit with Pinnacle Bank on October 24, 2012 is \$596,600.

Subsequent events were evaluated through October 24, 2012, which is the date the financial statements were available to be issued.