

**2016**  
**Financial Statements**  
**With**  
**Auditor's Letters**

INTERFAITH DENTAL CLINIC OF NASHVILLE

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2016

(With Independent Auditor's Report Thereon)

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 15
Independent Auditor's Report on Supplementary Information	16
Statement of Activities by Location	17



## PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Interfaith Dental Clinic of Nashville

We have audited the accompanying financial statements of Interfaith Dental Clinic of Nashville (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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.

#### **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 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 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 audit opinion.

#### **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, 2016, 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.

*Patterson Hardee & Ballentine*

October 24, 2016

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

**ASSETS**

Current Assets:		
Cash	\$ 42,407	
Investments	196,352	
Contributions receivable, net	75,026	
Accounts receivable, net	124,442	
Prepaid expenses	12,426	
Total current assets		\$ 450,653
Property and Equipment, net		1,990,207
Security deposit		5,515
Assets Whose Use is Limited:		
Cash	205,000	
Contributions receivable, net	213,141	
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	10,917	
Total assets whose use is limited		429,058
Total assets		<u>\$ 2,875,433</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Installment note payable - current portion	\$ 21,723	
Accounts payable & accrued expenses	137,401	
Patient credits	39,878	
Total current liabilities		\$ 199,002
Long-term Liability		
Installment note payable - less current portion		321,351
Total liabilities		<u>520,353</u>
Net Assets:		
Unrestricted:		
Undesignated	1,642,668	
Board-designated	283,354	
Total unrestricted net assets		1,926,022
Restricted Net Assets:		
Temporarily restricted	418,141	
Permanently restricted	10,917	
Total restricted net assets		429,058
Total net assets		<u>2,355,080</u>
Total liabilities and net assets		<u>\$ 2,875,433</u>

See accompanying notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Patient fees	\$ 949,725	\$ -	\$ -	\$ 949,725
Education Center	41,542	-	-	41,542
Investment loss, net	(3,186)	-	(218)	(3,404)
Other income	1,947	-	-	1,947
United Way	147,439	-	-	147,439
Government grants	143,080	-	-	143,080
Individual contributions	135,652	86,720	-	222,372
Foundation contributions	622,344	280,000	-	902,344
Corporate contributions	92,261	-	-	92,261
Church contributions	31,171	-	-	31,171
Special event revenue, net of cost of direct benefits to donors (Note 18)	183,415	-	-	183,415
Donated professional services	640,762	-	-	640,762
Donated supplies and equipment	183,839	-	-	183,839
Net assets released resulting from satisfaction of donor restrictions	311,565	(311,565)	-	-
Total public support and revenue	<u>3,481,556</u>	<u>55,155</u>	<u>(218)</u>	<u>3,536,493</u>
Expenses:				
Program services				
Dental services	3,219,306	-	-	3,219,306
Supporting Services				
Management and general	239,938	-	-	239,938
Fundraising & special events	371,609	-	-	371,609
Total expenses	<u>3,830,853</u>	<u>-</u>	<u>-</u>	<u>3,830,853</u>
Increase (decrease) in net assets	<u>(349,297)</u>	<u>55,155</u>	<u>(218)</u>	<u>(294,360)</u>
Net assets - beginning of year	<u>2,275,319</u>	<u>362,986</u>	<u>11,135</u>	<u>2,649,440</u>
Net assets - end of year	<u>\$ 1,926,022</u>	<u>\$ 418,141</u>	<u>\$ 10,917</u>	<u>\$ 2,355,080</u>

See accompanying notes to financial statements.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Program Services	Supporting Services		
	Dental Services	Management and General	Fundraising & Special Events	Total
Salaries	\$ 1,431,843	\$ 188,400	\$ 263,761	\$ 1,884,004
Payroll taxes and benefits	242,656	31,928	44,700	319,284
Total payroll and related expenses	1,674,499	220,328	308,461	2,203,288
Bad debt expense	1,218	-	4,319	5,537
Communication	22,683	515	2,578	25,776
Computer support, upgrades and repairs	25,340	563	2,252	28,155
Continuing education, travel, volunteer and employee recognition	36,671	4,745	1,726	43,142
Contract labor	48	-	-	48
Dental equipment, repairs and maintenance	15,950	-	-	15,950
Dental lab	153,600	-	-	153,600
Dental supplies	250,941	-	-	250,941
Depreciation and amortization	225,828	1,140	1,141	228,109
Donated professional services	642,357	-	-	642,357
Education Center	18,452	-	-	18,452
Fundraising	-	-	30,436	30,436
Insurance	21,392	2,291	607	24,290
Interest	14,543	1,368	1,198	17,109
Merchant, bank and investment fees	10,191	408	2,989	13,588
Miscellaneous	-	1,871	-	1,871
Occupancy	63,670	3,617	5,065	72,352
Office supplies	5,689	813	1,625	8,127
Payroll processing fees	4,620	608	851	6,079
Printing and postage	19,580	1,398	6,993	27,971
Professional services	12,034	273	1,368	13,675
	<u>\$ 3,219,306</u>	<u>\$ 239,938</u>	<u>\$ 371,609</u>	<u>\$ 3,830,853</u>

See accompanying notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Cash Flows From Operating Activities:

Decrease in net assets	\$	(294,360)
------------------------	----	-----------

Adjustments to reconcile decrease in net assets  
to net cash provided by operating activities:

Change in allowance for doubtful accounts	\$	(41,759)
---	----	----------

Depreciation and amortization		228,109
-------------------------------	--	---------

Net investment losses		11,012
-----------------------	--	--------

Change in discount of pledges to present value		4,334
--	--	-------

Changes in:

Contributions receivable		152,338
--------------------------	--	---------

Accounts receivable		(44,449)
---------------------	--	----------

Inventory		5,000
-----------	--	-------

Prepaid expenses		(966)
------------------	--	-------

Security deposit		-
------------------	--	---

Assets whose use is limited		(202,826)
-----------------------------	--	-----------

Accounts payable and accrued expenses		15,000
---------------------------------------	--	--------

Patient credits		35,192
-----------------	--	--------

Total adjustments		160,985
-------------------	--	---------

Net cash provided by operating activities		(133,375)
---	--	-----------

Cash Flows From Investing Activities:

Purchase of investments		(212,883)
-------------------------	--	-----------

Proceeds from sale of investments		302,550
-----------------------------------	--	---------

Purchase of property and equipment		(39,259)
------------------------------------	--	----------

Donated capital assets		(142,944)
------------------------	--	-----------

Purchase of assets restricted to investment in property and equipment		(190,000)
---	--	-----------

Net cash used in investing activities		(282,536)
---------------------------------------	--	-----------

Cash Flows From Financing Activities:

Contributions restricted for purchasing equipment		190,000
---	--	---------

Payments on installment note payable		(20,400)
--------------------------------------	--	----------

Net cash provided by financing activities		169,600
---	--	---------

Net decrease in cash		(246,311)
----------------------	--	-----------

Cash - beginning of year		288,718
--------------------------	--	---------

Cash - end of year	\$	42,407
--------------------	----	--------

Supplemental Cash Flow Information

Interest paid during the year ended June 30, 2016, was \$17,109.

Noncash donation of equipment during the year ended June 30, 2016, was \$142,944.

See accompanying notes to financial statements.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - Summary of Significant Accounting Policies**

**Nature of Activities and Program Description**

In these notes, the terms "Clinic", "we", "us" or "our" mean Interfaith Dental Clinic of Nashville. We are a nonprofit organization 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. We serve patients in eight Middle Tennessee counties.

**Education Center**

Our education center was developed to provide continuing education and technical training for dental professionals that seek to grow their proficiency in many areas through hands-on experiences. The programs include training in understanding the culture of poverty, experiences in cross-cultural settings, and individualized behavioral health.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may, or will be, met by our actions and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes.

**Cash Equivalents**

For the purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with an original maturity date of ninety days or less from the date of issuance to be a cash equivalent. At June 30, 2016, we had no cash equivalents.

**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 the 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.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

NOTE 1 - Summary of Significant Accounting Policies (continued)

Agency Endowment Fund

Our 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 a permanently restricted net asset on the Statement of Financial Position.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to us that is, in substance, unconditional. Unconditional promises to give are recorded as temporarily restricted revenue in the year the promise is made and released from restriction in the year received.

Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

We use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and our analysis of specific promises made. At June 30, 2016, an allowance of \$56,516 was considered necessary.

Property and Equipment

Property and equipment is recorded at cost, or, if donated, at the estimated fair market value at the date of donation. If equipment is donated, the donor can stipulate how long the assets must be used, and the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Our capitalization policy is to capitalize any expenditure over \$500 for property and equipment. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

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.

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. We receive 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. See NOTE 13.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

NOTE 1 - Summary of Significant Accounting Policies (continued)

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, 2016, was \$4,540,821. The discount between market value and patient fees recognized fluctuates with patient mix. The majority of patients are charged 20% of market value. The allowance for patient receivables is determined by taking approximately one half of all patient receivables over 90 days. The allowance for patient receivables as of June 30, 2016, was \$7,597.

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.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

We are exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and, therefore, no provision for federal income taxes is reflected in the accompanying financial statements. We have been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. We are no longer subject to examination by U.S. federal and state taxing authorities for years ending before 2013. Therefore, no provision for federal income taxes is included in the accompanying financial statements. There was no unrelated business income for the year ended June 30, 2016.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 - Accounts Receivable

At June 30, 2016, accounts receivable consisted of the following:

Patient accounts receivable	\$ 72,170
Education center receivable	19,480
Government grant receivable	44,610
Other receivables	465
	<hr/> 136,725
Less: allowance for doubtful accounts	(12,283)
	<hr/> <u>\$ 124,442</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 - Contributions Receivable**

Each contributions receivable balance is a restricted asset based on the donor's wishes for their promise to give to be used for operations in the year they give the money. See NOTE 10. Once the time restriction has been satisfied, the receivables are released from restriction.

Contributions receivable consisted of the following at June 30, 2016:

Due in less than one year	\$ 97,758
Due in one to five years	<u>279,016</u>
	376,774
Less: discounts to net present value	(32,091)
Less: allowance for doubtful accounts	<u>(56,516)</u>
Net contributions receivable	<u>\$ 288,167</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 the interest method after an allowance had been established.

**NOTE 4 - Investments**

We hold 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 using quoted market prices.

	<u>Market Value</u>	<u>Cost</u>
Stocks	\$ <u>196,352</u>	\$ <u>190,572</u>

Investment loss consisted of the following for the year ended June 30, 2016:

Interest and dividend income	\$ 11,210
Net investment gain(loss)	(10,848)
Investment fees	<u>(3,766)</u>
Investment loss – net	<u>\$ (3,404)</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 - Fair Value Measurements**

This standard establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard defines fair value as the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. The adoption of the standard had no impact on any investment's financial position or results of operations. The standard applies to all assets and liabilities measured and reported on a fair value basis and enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The statement requires each asset and liability carried at fair value be classified into one of the following categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs not corroborated by market data

The current maturities of debts are based on current rates.

The following table summarizes our financial assets measured at fair value on a recurring basis segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value as of June 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Contributions receivable, net	\$ 288,167	\$ -	\$ -	\$ 288,167
Investments	196,352	196,352	-	-
Beneficial interest in agency Endowment fund held by The Community Foundation of Middle Tennessee	10,917	-	-	10,917
	<u>\$ 495,436</u>	<u>\$ 196,352</u>	<u>\$ -</u>	<u>\$ 299,084</u>

No transfers were made between levels as of June 30, 2016.

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 contributions receivable is as follows:

Contributions receivable, net - July 1, 2015	\$ 421,338
Increases:	
New pledges	161,720
Decreases:	
Change in allowance	23,501
Payments on pledges	(319,231)
Write-offs	(3,623)
Change in discount for the time value of money	<u>4,462</u>
Contributions Receivable, net - June 30, 2016	<u>\$ 288,167</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

NOTE 5 - Fair Value Measurements (continued)

A reconciliation of changes in the amounts reported for The Community Foundation of Middle Tennessee is included in NOTE 11.

NOTE 6 - Property and Equipment

Property and equipment consisted of the following at June 30, 2016:

Land	\$ 318,453
Buildings and improvements	1,897,775
Dental equipment	1,116,588
Office equipment and software	<u>269,794</u>
	3,602,610
Less accumulated depreciation	<u>(1,612,403)</u>
Net property and equipment	<u><u>\$ 1,990,207</u></u>

NOTE 7 - Accounts Payable and Accrued Expenses

At June 30, 2016, accounts payable and accrued expenses consisted of the following:

Accounts payable	\$ 69,175
Credit card payable	2,604
Wages payable	50,440
Payroll taxes payable	3,840
Accrued liabilities	1,954
Accrued vacation	<u>9,388</u>
	<u><u>\$ 137,401</u></u>

NOTE 8 - Line of Credit and Installment Note Payable

At June 30, 2016, we had a line of credit with a credit limit of \$240,000. As of June 30, 2016, we had not drawn on the line of credit. The line of credit is secured with all of our business assets and has an interest rate at the bank's prime rate plus .50 (4% at June 30, 2016). Interest only is due monthly until maturity in February 2017.

The installment note payable consisted of the following at June 30, 2016:

Note payable to Pinnacle Bank. Principal and interest payments of \$3,126 due monthly with remaining balance of principal and interest due July 30, 2028. Interest is charged at 4.75%. Collateral for the note payable consists of a first mortgage on the property located at 1721 Patterson Street in Nashville, Tennessee, and the new equipment purchased for the Murfreesboro clinic.

	\$ 343,074
Less: current portion	<u>(21,723)</u>
	<u><u>\$ 321,351</u></u>



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - Line of Credit and Installment Note Payable (continued)**

Future maturities of the note payable are as follows as of June 30, 2016:

<u>Year Ending</u> <u>June 30,</u>	
2017	\$ 21,723
2018	22,778
2019	23,884
2020	25,043
Thereafter	<u>249,646</u>
	<u>\$ 343,074</u>

**NOTE 9 - Unrestricted Net Assets**

Board-designated net assets are available for the following purposes:

Clinic Emergency and Building Maintenance - This account is intended to provide funds necessary for emergency building maintenance beyond what is budgeted in our 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. On the first of the month of the last month of the quarter, a rolling 5% will be calculated and sent to the clinic and deposited into the operating account before the last day of the quarter.

A summary of board designated net assets at June 30, 2016, is as follows:

Clinic emergency and building maintenance	\$ 188,886
Graham Memorial Fund	<u>94,468</u>
	<u>\$ 283,354</u>

**NOTE 10 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at June 30, 2016:

Equipment	\$ 190,000
Scholarships	15,000
Time restricted pledged contributions	<u>213,141</u>
	<u>\$ 418,141</u>

**NOTE 11 - Permanently Restricted Net Assets**

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 therefrom;

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - Permanently Restricted Net Assets (continued)**

therefore, all gains and losses are reflected as permanently restricted net assets.. 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, 2016, is as follows:

Beneficial Interest - July 1, 2015	\$ 11,135
Change in Value of Beneficial Interest:	
Contributions	20
Realized gain	299
Unrealized loss	(633)
Interest and dividends	216
Investment fees	(54)
Administrative expense	(66)
	<u>(218)</u>
Beneficial Interest - June 30, 2016	<u>\$ 10,917</u>

Permanently restricted net assets consisted of the following at June 30, 2016:

Beneficial interest in agency endowment fund	<u>\$ 10,917</u>
--	------------------

See NOTE 5 for the fair value measurement of The Community Foundation of Middle Tennessee.

**NOTE 12 - Net Assets Released from Restrictions**

Net assets are released from donor restrictions when time restrictions specified by the donors have been satisfied. Restricted contributions which have been released to operations as of June 30, 2016, are as follows:

Payments received on pledges	\$ 331,443
Decrease in pledge allowance	<u>(19,878)</u>
	<u>\$ 311,565</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 - Contributed Property, Equipment and Services**

Donated property, equipment and services are used in the ongoing operations of our 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, 2016, is as follows:

<b>Revenues</b>		
Donated professional services	\$	640,762
Donated supplies		33,310
Donated equipment		142,944
Other		7,585
Total	\$	<u>824,601</u>

<b>Expenses</b>		
Donated professional services	\$	640,762
Dental supplies		33,310
Dental equipment		142,944
Other		7,585
Total	\$	<u>824,601</u>

<b>Assets</b>		
Donated equipment – capitalized	\$	142,944
Pledges – noncash		865
	\$	<u>143,809</u>

**NOTE 14 - Leases**

We leased two copiers under operating leases during the year ended June 30, 2016. One copier is for the Murfreesboro, Tennessee, location and the minimum monthly rental amount is \$200. Additional amounts due under the lease are based on the number of copies made during the billing period. The second copier is for the Nashville, Tennessee, location and the minimum monthly rental amount is \$303. Additional amounts under the lease are based on the number of copies made during the billing period. The rent expense paid on these two copiers was \$6,716 for the year ended June 30, 2016.

A schedule of future minimum lease payments required under all non-cancelable operating leases as of June 30, 2016, follows:

<u>Year Ending</u> <u>June 30,</u>	
2017	\$ 4,218
2018	<u>800</u>
	<u>\$ 5,018</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 - Concentrations of Credit Risk**

We maintain cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to statutory limits. Our cash balances, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe that they are exposed to any significant credit risk on our cash.

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, 2016, is \$376,774.

At the year ended June 30, 2016, 34% of our total payables were due to one vendor.

**NOTE 16 - Employee Benefit Plan**

We have 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.

We match the first 3% of the participant's salary dollar for dollar and 50 cents on the dollar on the next 2% of the salary, totaling to a maximum of 4%. Participants must contribute 5% of their annual salary to get the full 4% match. Our total matching contributions for the year ended June 30, 2016, was \$52,760.

We may also make discretionary contributions to the retirement plan. For the year ended June 30, 2016, we made no discretionary contributions.

**NOTE 17 - Related Party**

We have two employees, one who serves on the board as President, and one who manages the books, of a property management association that manages the portion of the building we own at our Murfreesboro location. Amounts paid by us to the property management association totaled \$15,876 for the year ended June 30, 2016.

**NOTE 18 - Special Events**

During the year we had fundraising events to help support our normal operations. The following table below shows the amount raised less the cost of direct benefits to donors as of June 30, 2016:

Gross receipts from special events	\$ 229,339
Less: Cost of direct benefits to donors	<u>(45,924)</u>
	<u>\$ 183,415</u>

**NOTE 19 - Subsequent Events**

We have evaluated events subsequent to the year ending June 30, 2016. As of October 24, 2016, the date that the financial statements were available to be issued, no other events subsequent to the balance sheet date are considered necessary to be included in the financial statements for the year ended June 30, 2016.





**PATTERSON, HARDEE & BALLENTINE, P.C.**

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**  
**ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Interfaith Dental Clinic of Nashville

We have audited the financial statements of Interfaith Dental Clinic of Nashville as of and for the year ended June 30, 2016, and have issued our report thereon dated October 24, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Statement of Activities by Location is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Patterson Hardee & Ballentine*

October 24, 2016

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF ACTIVITIES BY LOCATION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Greater Nashville	Rutherford County Office	Education Center	Total
Public Support and Revenue:				
Patient fees	\$ 533,323	\$ 244,552	\$ 171,850	\$ 949,725
Education Center	-	-	41,542	41,542
Investment income, net	(3,420)	16	-	(3,404)
Other income	1,938	9	-	1,947
United Way	138,939	8,500	-	147,439
Government grants	100,650	42,430	-	143,080
Individual contributions	187,444	32,655	2,273	222,372
Foundation contributions	543,688	102,656	256,000	902,344
Corporate contributions	54,547	37,714	-	92,261
Church contributions	29,555	1,616	-	31,171
Special event revenue	226,411	2,928	-	229,339
Less: cost of direct benefits to donors	(45,924)	-	-	(45,924)
Donated professional services	530,020	93,217	17,525	640,762
Donated supplies and equipment	165,082	15,042	3,715	183,839
Total public support and revenue	<u>2,462,253</u>	<u>581,335</u>	<u>492,905</u>	<u>3,536,493</u>
Expenses:				
Bad debt expense	8,062	1,107	(3,632)	5,537
Communication	13,121	10,497	2,158	25,776
Computer support, upgrades and repairs	15,822	8,087	4,246	28,155
Continuing education, travel, volunteer and employee recognition	31,527	5,090	6,525	43,142
Contract labor	48	-	-	48
Dental equipment, repairs and maintenance	12,344	1,561	2,045	15,950
Dental lab	83,199	42,753	27,648	153,600
Dental supplies	146,514	60,901	43,526	250,941
Depreciation and amortization	95,360	128,588	4,161	228,109
Donated professional services	531,391	93,441	17,525	642,357
Education Center	-	-	18,452	18,452
Fundraising	18,641	11,795	-	30,436
Insurance	19,421	3,617	1,252	24,290
Interest	7,141	9,968	-	17,109
Merchant, bank and investment fees	9,484	3,722	382	13,588
Miscellaneous	1,871	-	-	1,871
Occupancy	33,372	30,030	8,950	72,352
Office supplies	5,966	1,956	205	8,127
Payroll processing fees	4,486	1,270	323	6,079
Payroll taxes and benefits	231,254	57,733	30,297	319,284
Printing and postage	18,381	8,543	1,047	27,971
Professional services	9,079	3,466	1,130	13,675
Salaries	1,261,463	413,650	208,891	1,884,004
Total expenses	<u>2,557,947</u>	<u>897,775</u>	<u>375,131</u>	<u>3,830,853</u>
Increase (decrease) in net assets	<u>\$ (95,694)</u>	<u>\$ (316,440)</u>	<u>\$ 117,774</u>	<u>\$ (294,360)</u>