

2015
Financial Statements
With
Auditor's Letters

INTERFAITH DENTAL CLINIC OF NASHVILLE

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2015

(With Independent Auditor's Report Thereon)

INTERFAITH DENTAL CLINIC OF NASHVILLE
FINANCIAL STATEMENTS
JUNE 30, 2015

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PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Interfaith Dental Clinic of Nashville

We have audited the accompanying financial statements of the Interfaith Dental Clinic of Nashville, a nonprofit organization, which comprise the statement of financial position as of June 30, 2015, 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 the Interfaith Dental Clinic of Nashville as of June 30, 2015, and the results of its operations 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

November 4, 2015

INTERFAITH DENTAL CLINIC OF NASHVILLE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Current Assets:		
Cash	\$ 288,718	
Contributions receivable, net	58,352	
Accounts receivable, net	61,735	
Inventory	5,000	
Prepaid expenses	11,460	
Total current assets		\$ 425,265
Property and Equipment, net		2,036,113
Security deposit		5,515
Assets Whose Use is Limited:		
Cash	8,647	
Contributions receivable, net	362,986	
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	11,135	
Investments	290,340	
Total assets whose use is limited		673,108
Total assets		<u>\$ 3,140,001</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Installment note payable - current portion	20,717	
Accounts payable & accrued expenses	122,401	
Patient credits	4,686	
Total current liabilities		\$ 147,804
Long-term Liability		
Installment note payable - less current portion		342,757
Total liabilities		<u>490,561</u>
Net Assets:		
Unrestricted:		
Undesignated	1,976,332	
Board-designated	298,987	
Total unrestricted net assets		2,275,319
Restricted Net Assets:		
Temporarily restricted	362,986	
Permanently restricted	11,135	
Total restricted net assets		374,121
Total net assets		<u>2,649,440</u>
Total liabilities and net assets		<u>\$ 3,140,001</u>

See accompanying notes to financial statements.

INTERFAITH DENTAL CLINIC OF NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Patient fees	\$ 760,445	\$ -	\$ -	\$ 760,445
Investment income, net	3,020	-	99	3,119
Other income	1,316	-	-	1,316
United Way	147,527	-	-	147,527
Government grants	105,010	-	-	105,010
Individual contributions	239,775	185,653	-	425,428
Foundation contributions	888,331	250,000	-	1,138,331
Corporate contributions	70,764	-	-	70,764
Church contributions	28,860	-	-	28,860
Special event revenue, net of cost of direct benefits to donors (Note 18)	233,113	-	-	233,113
Donated professional services	560,360	-	-	560,360
Donated supplies and equipment	136,754	-	-	136,754
Net assets released resulting from satisfaction of donor restrictions	466,035	(466,035)	-	-
Total public support and revenue	<u>3,641,310</u>	<u>(30,382)</u>	<u>99</u>	<u>3,611,027</u>
Expenses:				
Program services				
Dental services	3,089,389	-	-	3,089,389
Supporting Services				
Management and general	231,306	-	-	231,306
Fundraising	431,309	-	-	431,309
Total expenses	<u>3,752,004</u>	<u>-</u>	<u>-</u>	<u>3,752,004</u>
Increase (decrease) in net assets	<u>(110,694)</u>	<u>(30,382)</u>	<u>99</u>	<u>(140,977)</u>
Net assets - beginning of year	<u>2,386,013</u>	<u>393,368</u>	<u>11,036</u>	<u>2,790,417</u>
Net assets - end of year	<u>\$ 2,275,319</u>	<u>\$ 362,986</u>	<u>\$ 11,135</u>	<u>\$ 2,649,440</u>

See accompanying notes to financial statements.

INTERFAITH DENTAL CLINIC OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Services		
	Dental Services	Management and General	Fundraising & Special Events	Total
Salaries	\$ 1,386,941	\$ 182,492	\$ 255,489	\$ 1,824,922
Payroll taxes and benefits	234,914	30,910	43,274	309,098
Total payroll and related expenses	\$ 1,621,855	\$ 213,402	\$ 298,763	\$ 2,134,020
Bad debt expense	20,700	-	73,389	94,089
Communication	19,857	451	2,257	22,565
Computer support, upgrades and repairs	27,643	614	2,457	30,714
Continuing education, travel, volunteer and employee recognition	34,027	4,404	1,601	40,032
Contract labor	135	953	2,860	3,948
Dental equipment, repairs and maintenance	12,262	-	-	12,262
Dental lab	137,456	-	-	137,456
Dental supplies	293,130	-	-	293,130
Depreciation and amortization	214,946	1,086	1,086	217,118
Donated professional services	560,360	-	-	560,360
Education Center	7,414	-	-	7,414
Fundraising	-	-	27,280	27,280
Insurance	17,865	1,913	507	20,285
Interest	15,318	1,442	1,262	18,022
Merchant, bank and investment fees	7,498	300	2,199	9,997
Occupancy	54,689	3,217	6,434	64,340
Office supplies	6,619	946	1,891	9,456
Payroll processing fees	4,358	574	803	5,735
Printing and postage	21,057	1,504	7,520	30,081
Professional services	12,200	500	1,000	13,700
	<u>\$ 3,089,389</u>	<u>\$ 231,306</u>	<u>\$ 431,309</u>	<u>\$ 3,752,004</u>

See accompanying notes to financial statements.

INTERFAITH DENTAL CLINIC OF NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows From Operating Activities:

Decrease in net assets \$ (140,977)

Adjustments to reconcile decrease in net assets

to net cash provided by operating activities:

Change in allowance for doubtful accounts \$ (23,061)

Depreciation and amortization 217,118

Donated capital assets (24,500)

Realized losses on investments 3,153

Unrealized losses on investments 5,402

Change in discount of pledges to present value 7,413

Changes in:

Accounts receivable 149,202

Contributions receivable (174,641)

Prepaid expenses (1,342)

Security deposit (3,750)

Assets whose use is limited 150,198

Accounts payable & accrued expenses 23,469

Patient credits (13,572)

Total adjustments 315,089

Net cash provided by operating activities 174,112

Cash Flows From Investing Activities:

Purchase of investments (159,466)

Proceeds from sale of investments 176,825

Purchase of property and equipment (60,755)

Net cash used in investing activities (43,396)

Cash Flows From Financing Activities:

Payments on installment note payable (19,488)

Net cash used in financing activities (19,488)

Net increase in cash 111,228

Cash - beginning of year 177,490

Cash - end of year \$ 288,718

Supplemental Cash Flow Information

Interest paid during the year ended June 30, 2015, was \$18,022.

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, we had no cash equivalents.

Inventory

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

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, 2015

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, 2015, an allowance of \$80,017 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, 2015

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, 2015, was \$3,949,543. 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, 2015 was \$47,865.

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 2012. 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, 2015.

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, 2015, accounts receivable consisted of the following:

Patient accounts receivable	\$ 94,466
Government grant receivable	15,000
Other receivables	<u>134</u>
	109,600
Less: allowance for doubtful accounts	<u>(47,865)</u>
	\$ <u>61,735</u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

Unrestricted contributions receivable consisted of the following at June 30, 2015, due to satisfaction of donor imposed time restrictions:

Due in less than one year	\$ 58,352
Due in one to five years	<u>-</u>
Unrestricted contributions receivable	<u>\$ 58,352</u>

Restricted contributions receivable consisted of the following at June 30, 2015:

Due in less than one year	\$ 192,182
Due in one to five years	<u>341,264</u>
	533,446
Less: discounts to net present value	(32,091)
Less: allowance for doubtful accounts	<u>(80,017)</u>
Net contributions receivable	<u>\$ 421,338</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 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>
Mutual Funds	\$ 177,280	\$ 177,733
Stocks	83,348	77,197
Exchange Traded & Closed Funds	<u>29,712</u>	<u>30,008</u>
	290,340	284,938
Money Market	<u>8,647</u>	<u>8,647</u>
	<u>\$ 298,987</u>	<u>\$ 293,585</u>

Investment income (loss) consisted of the following for the year ended June 30, 2015:

Interest and dividend income	\$ 15,841
Realized loss	(3,153)
Unrealized loss	(5,402)
Investment fees	<u>(4,167)</u>
Investment income (loss) – net	<u>\$ 3,119</u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015:

	Fair Value	Level 1	Level 2	Level 3
Contributions receivable, net	\$ 421,338	\$ -	\$ -	\$ 421,338
Investments	290,340	290,340	-	-
Beneficial interest in agency Endowment fund held by The Community Foundation of Middle Tennessee	11,135	-	-	11,135
	<u>\$ 722,813</u>	<u>\$ 290,340</u>	<u>\$ -</u>	<u>\$ 432,473</u>

No transfers were made between levels as of June 30, 2015.

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, 2014	\$ 280,306
Increases:	
New pledges	435,653
Decreases:	
Change in allowance	(26,196)
Payments on pledges	(222,414)
Write-offs	(38,598)
Change in discount for the time value of money	<u>(7,413)</u>
Contributions Receivable, net - June 30, 2015	<u>\$ 421,338</u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015:

Land	\$ 318,453
Buildings and improvements	1,897,775
Dental equipment	936,001
Office equipment and software	<u>268,178</u>
	3,420,407
Less accumulated depreciation	<u>(1,384,294)</u>
Net property and equipment	\$ <u>2,036,113</u>

NOTE 7 - Accounts Payable and Accrued Expenses

At June 30, 2015, accounts payable and accrued expenses consisted of the following:

Accounts payable	\$ 32,947
Credit card payable	14,534
Wages payable	50,650
Payroll taxes payable	3,875
Accrued liabilities	1,920
Accrued vacation	<u>18,475</u>
	\$ <u>122,401</u>

NOTE 8 - Line of Credit and Installment Note Payable

At June 30, 2015, we had a line of credit with a credit limit of \$240,000. As of June 30, 2015, 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 banks prime rate plus .50 (3.75% at June 30, 2015). Interest only is due monthly until maturity in March 2016.

The installment note payable consisted of the following at June 30, 2015:

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.	\$ 363,474
Less: current portion	<u>(20,717)</u>
	\$ <u>342,757</u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Future maturities of the note payable are as follows as of July 30, 2015:

Year Ending June 30,

2016	\$	20,717
2017		21,723
2018		22,778
2019		23,884
2020		25,043
Thereafter		<u>249,329</u>
	\$	<u>363,474</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, 2015, is as follows:

Clinic emergency and building maintenance	\$	195,606
Graham Memorial Fund		<u>103,381</u>
	\$	<u>298,987</u>

NOTE 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2015:

Time restricted pledged contributions	<u>362,986</u>
	<u>\$ 362,986</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 there from. The Clinic retains a beneficial interest in the endowment fund held by the Community Foundation.

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - Permanently Restricted Net Assets (continued)

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, 2015, is as follows:

Beneficial Interest - July 1, 2014	\$ <u>11,036</u>
Change in Value of Beneficial Interest:	
Realized gain	330
Unrealized loss	(246)
Interest and dividends	56
Investment fees	(19)
Administrative expense	<u>(22)</u>
	<u>99</u>
Beneficial Interest - June 30, 2015	\$ <u><u>11,135</u></u>

Permanently restricted net assets consisted of the following at June 30, 2015:

Beneficial interest in agency endowment fund	\$ <u>11,135</u>
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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, 2015, are as follows:

Payments received on pledges	\$ 227,355
Satisfaction of time restricted contributions receivable	17,613
Education Center	148,860
Increase in pledge allowance	26,196
Increase in pledge discount	7,413
Pledge write-offs	<u>38,598</u>
	\$ <u><u>466,035</u></u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, is as follows:

Revenues	
Donated professional services	\$ 560,360
Donated supplies	104,640
Donated equipment	25,275
Other	6,839
Total	<u>\$ 697,114</u>

Expenses	
Donated professional services	\$ 560,360
Dental supplies	105,032
Office supplies	388
Other	2,834
Total	<u>\$ 668,614</u>

Assets	
Donated equipment – capitalized	\$ 24,500
Pledges – noncash	4,000
	<u>\$ 28,500</u>

NOTE 14 - Leases

We leased two copiers under operating leases during the year end June 30, 2015. 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 \$6,036 for the year ended June 30, 2015.

A schedule of future minimum lease payments required under all non-cancelable operating leases as of June 30, 2015, follows:

Year Ending June 30,

2016	\$ 6,036
2017	4,218
2018	<u>800</u>
	<u>\$ 11,054</u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 it is 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, 2015, is \$533,446. We have one donor who has pledged approximately 14% of outstanding pledge receivables.

At the year ended June 30, 2015, 78% 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, 2015, was \$44,077.

We may also make discretionary contributions to the retirement plan. For the year ended June 30, 2015, 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 \$8,164 for the year ended June 30, 2015.

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, 2015:

Gross receipts from special events	\$ 318,920
Less: Cost of direct benefits to donors	<u>(85,807)</u>
	<u>\$ 233,113</u>

NOTE 19 - Subsequent Events

We have evaluated events subsequent to the year ending June 30, 2015. As of November 4, 2015, 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, 2015.



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
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, 2015, and have issued our report thereon dated November 4, 2015, 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

November 4, 2015

INTERFAITH DENTAL CLINIC OF NASHVILLE
STATEMENT OF ACTIVITIES BY LOCATION
FOR THE YEAR ENDED JUNE 30, 2015

	Greater Nashville	Rutherford County Office	Education Center	Total
Public Support and Revenue:				
Patient fees	\$ 402,309	\$ 202,014	\$ 156,122	\$ 760,445
Investment income, net	3,119	-	-	3,119
Other income	1,316	-	-	1,316
United Way	141,346	6,181	-	147,527
Government grants	75,059	29,951	-	105,010
Individual contributions	360,073	52,294	13,061	425,428
Foundation contributions	339,081	53,250	746,000	1,138,331
Corporate contributions	54,064	16,700	-	70,764
Church contributions	28,860	-	-	28,860
Special event revenue	299,646	6,779	12,495	318,920
Less: cost of direct benefits to donors	(76,953)	(408)	(8,446)	(85,807)
Donated professional services	446,302	114,058	-	560,360
Donated supplies and equipment	114,444	21,010	1,300	136,754
Total public support and revenue	<u>2,188,666</u>	<u>501,829</u>	<u>920,532</u>	<u>3,611,027</u>
Expenses:				
Bad debt expense	72,254	17,236	4,599	94,089
Communication	10,955	7,281	4,329	22,565
Computer support, upgrades and repairs	18,001	6,863	5,850	30,714
Continuing education, travel, volunteer and employee recognition	29,654	5,438	4,940	40,032
Contract labor	3,424	524	-	3,948
Dental equipment, repairs and maintenance	10,358	260	1,644	12,262
Dental lab	65,686	45,679	26,091	137,456
Dental supplies	194,913	61,995	36,222	293,130
Depreciation and amortization	83,914	127,255	5,949	217,118
Donated professional services	446,301	114,059	-	560,360
Education Center	-	-	7,414	7,414
Fundraising	16,547	9,848	885	27,280
Insurance	17,131	2,335	819	20,285
Interest	10,511	7,511	-	18,022
Merchant, bank and investment fees	6,182	3,508	307	9,997
Occupancy	30,810	21,957	11,573	64,340
Office supplies	6,622	1,762	1,072	9,456
Payroll processing fees	4,513	1,050	172	5,735
Payroll taxes and benefits	222,918	33,874	52,306	309,098
Printing and postage	20,954	8,580	547	30,081
Professional services	11,513	2,187	-	13,700
Salaries	1,113,397	319,810	391,715	1,824,922
Total expenses	<u>2,396,558</u>	<u>799,012</u>	<u>556,434</u>	<u>3,752,004</u>
Increase (decrease) in net assets	<u>\$ (207,892)</u>	<u>\$ (297,183)</u>	<u>\$ 364,098</u>	<u>\$ (140,977)</u>