INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS

As of and for the Year Ended June 30, 2021

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE
TABLE OF CONTENTS

INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE
ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

AS OF JUNE 30, 2021

Board of Directors

Carlene Callis	Chairman of the Board
Elise Cambournac	Vice Chairman of the Board
Patrick Bradley	Board Member
Brant Beard	Board Member
Karly Campbell	Board Member
Dr. Walter Chitwood	Board Member
Philip Clothiaux	Board Member
John Coles	Board Member
Nancy Collins	Board Member
Justin Coury	Board Member
Raquel Oluyemo	Board Member
Dr. Heather Fagin	Board Member
Dr. Doug Hunter	Board Member
Veronica Marable Johnson	Board Member
Bill Newton	Board Member
Jeff Newton	Board Member
Cindy Pillard	Board Member
Dr. Ruth Ross Edmonds	Board Member
Rachel Stearns	Board Member
Brent Tidwell	Board Member
Dr. Tom Underwood	Board Member
Dr. John Workman	Board Member
Dr. Terry Zimmerman	Board Member
Kassi Ellsworth	Board Member
Rene Casali	Board Member

Executive Staff

Rhonda Switzer-Nadasdi, D.M.D.	Chief Executive Officer
Melissa Meier, D.M.D.	Chief Program Officer
Andrea Stilwell	Chief Officer of Education
Beverly Grant	Chief Development Officer
Jeff McCormick	Chief Operating Officer
Cecily McSurdy	Chief Financial Officer

Report of Independent Auditor

To the Board of Directors
Interfaith Dental Clinic of Nashville and Affiliate
Nashville, Tennessee

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Interfaith Dental Clinic of Nashville and affiliate (the "Organization") a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Dental Clinic of Nashville and Affiliate as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 21 to the consolidated financial statements, toward the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. There have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Organization's operations. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, COVID-19 could result in uncertainties that could affect the results of operations and other material, adverse effects to the Organization. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The roster of Board of Directors and Executive Staff on page 1, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the audit procedures applied in the audit of the consolidated financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Nashville, Tennessee
October 25, 2021

INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS		
Current Assets:		
Cash and cash equivalents	$	3,591,360
Restricted cash		171,175
Investments		829,087
Pledges receivable, net		85,834
Accounts receivable, net		724,300
Unbilled revenue		44,885
Prepaid expenses		13,496
Total Current Assets		5,460,137
Noncurrent Assets:		
Property and equipment, net		7,552,725
Right of use assets, net		7,678
Pledges receivable, net		533
Other noncurrent assets		1,600
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee		19,463
New market tax credit note receivable		4,911,400
Total Noncurrent Assets		12,493,399
Total Assets	$	17,953,536
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$	531,852
Interest payable		18,262
Patient credits		51,619
Lease liability		2,725
Deferred government grant revenue		567,107
Deferred Smile on Sixty Plus grant revenue		1,226,000
Total Current Liabilities		2,397,565
Long-Term Liabilities:		
Lease liability, net of current portion		4,872
New market tax credit debt, net of $227,148 and $280,076 unamortized debt issuance costs		6,672,852
Total Long-Term Liabilities		6,677,724
Total Liabilities		9,075,289
Net Assets:		
Without Donor Restrictions:		
Undesignated		7,717,783
Board-designated		935,879
Total Without Donor Restrictions		8,653,662
With Donor Restrictions		224,585
Total Net Assets		8,878,247
Total Liabilities and Net Assets	$	17,953,536

The accompanying notes to the consolidated financial statements are an integral part of this statement.

INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Patient fees, net	$ 739,520	$ -	$ 739,520
Patient fees - Smile on Sixty Plus	693,118	-	693,118
Education Center	4,464	-	4,464
Net unrealized and realized loss on investments	148,499	-	148,499
Rental income	232,838	-	232,838
Interest income	61,727	-	61,727
Other income	40,948	-	40,948
United Way	190,850	-	190,850
Grant contract revenue	4,424,113	-	4,424,113
Individual contributions	269,798	-	269,798
Foundation contributions	546,479	278,748	825,227
Corporate contributions	95,420	60,000	155,420
Special event revenue, net of cost of direct benefits to donors	296,123	-	296,123
Donated professional services	664,480	-	664,480
Donated supplies and equipment	103,140	-	103,140
Net assets released from restrictions	364,728	(364,728)	-
Total Public Support and Revenue	8,876,245	(25,980)	8,850,265
Expenses:			
Program Services:			
Dental services	6,517,199	-	6,517,199
Supporting Services:			
Management and general	670,298	-	670,298
Fundraising and special events	329,906	-	329,906
Total Expenses	7,517,403	-	7,517,403
Increase (decrease) in net assets	1,358,842	(25,980)	1,332,862
Net assets, beginning of year	7,294,820	250,565	7,545,385
Net assets, end of year	$ 8,653,662	$ 224,585	$ 8,878,247

INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		
	Dental Services	Management and General	Fundraising and Special Events	Total
Salaries	$ 2,278,096	$ 504,362	$ 234,055	$ 3,016,513
Payroll taxes and benefits	386,459	74,815	38,383	499,657
Total payroll and related expenses	2,664,555	579,177	272,438	3,516,170
Contracted fees and professional services	1,735,341	18,397	-	1,753,738
In-kind expense	762,060	-	560	762,620
Depreciation and amortization	322,109	4,053	1,442	327,604
Dental supplies	225,898	-	-	225,898
Dental lab	193,277	-	-	193,277
Computer support, upgrades, and repairs	161,579	5,292	12,177	179,048
Occupancy	165,300	3,352	3,188	171,840
Interest	125,388	-	-	125,388
Communication	38,208	3,389	3,785	45,382
Continuing education, travel, volunteer, and employee recognition	22,822	9,583	9,656	42,061
Dental equipment, repairs, and maintenance	40,754	-	-	40,754
Insurance	16,284	24,091	330	40,705
Dues and licenses	14,325	3,555	9,686	27,566
Printing and postage	2,537	3,555	9,064	15,156
Compliance fees	-	12,500	-	12,500
Payroll processing fees	8,650	910	513	10,073
Contract labor	7,416	1,200	-	8,616
Travel	5,671	295	914	6,880
Fundraising	-	-	5,890	5,890
Office supplies	4,424	466	263	5,153
Other operating expenses	601	483	-	1,084
	$ 6,517,199	$ 670,298	$ 329,906	$ 7,517,403

INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:		
Increase in net assets	$	1,332,862
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization		327,604
Amortization of debt issuance costs		52,928
Amortization of right of use assets		2,608
Net unrealized and realized (gains) losses on investments		(148,499)
Gain on sale of property and equipment		(4,000)
Donated equipment		(5,000)
Net changes in operating assets and liabilities:		
Pledges receivable, net		65,818
Accounts receivable, net		(23,609)
Prepaid expenses		3,179
Beneficial interest in agency endowment fund		(3,669)
Accounts payable and accrued expenses		197,202
Patient credits		(3,015)
Deferred government grant revenue		114,903
Unbilled revenue		48,408
Interest payable		(942)
Lease liability		(2,579)
Net cash from operating activities		1,954,199
Cash flows from investing activities:		
Purchase of investments		(554,919)
Proceeds from sale of investments		196,019
Purchase of property and equipment		(248,854)
Net cash from investing activities		(607,754)
Cash flows from financing activities:		
Forgiveness from EIDL loan advance		(10,000)
Net cash from financing activities		(10,000)
Net increase in cash, cash equivalents, and restricted cash		1,336,445
Cash, cash equivalents, and restricted cash, beginning of year		2,426,090
Cash, cash equivalents, and restricted cash, end of year	$	3,762,535
Cash and cash equivalents consist of the following:		
Cash and cash equivalents	$	3,591,360
Cash restricted for new market tax debt payments		171,175
Supplemental disclosure of cash flow information:		
Cash paid for interest	$	73,401
Schedule of noncash investing and financing activities:		
Donated equipment	$	5,000

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Note 1—Summary of significant accounting policies

Nature of Activities and Program Description – Interfaith Dental Clinic of Nashville ("IDC") is a Tennessee 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. IDC serves patients in ten Middle Tennessee counties.

IDC established the Interfaith Dental Supporting Foundation ("IDSF") on August 27, 2018 solely to support the charitable purposes, mission, goals, and activities of IDC, its sole member. As such, IDSF's activities include constructing IDC's new headquarters and servicing certain notes payable for the benefit of IDC (see Note 20).

Principles of Consolidation – The accompanying consolidated financial statements include those of the IDC and IDSF (collectively referred to hereafter as the "Organization"). The Organization has been consolidated due to the presence of common control and economic interest as required by accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant inter-entity balances and transactions have been eliminated in consolidation.

Education Center – The Organization's 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-culture settings, and individualized behavioral health.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. The Organization has chosen to provide further classification information about net assets without donor restrictions on the consolidated statement of financial position. The sub-classifications are as follows:
>
> > *Undesignated* – Net assets that represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities by the Board of Directors.
> >
> > *Board-Designated* – The governing board has designated, from net assets without donor restrictions, net assets for the board-designated Building and Emergency Fund, and for the Tooth Fairy Fund (see Note 10).
>
> *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

Cash and Cash Equivalents – For the purposes of the statement of cash flows, the Organization considers all unrestricted cash and investment instruments purchased with an original maturity date of 90 days or less from the date of issuance to be a cash equivalent.

Note 1—Summary of significant accounting policies (continued)

IDSF is required to maintain two segregated loan reserve funds, which had balances totaling $171,175 at June 30, 2021. (See Note 20).

Investments – Investments are reported at their fair values in the statement of financial position. The fair values of 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 net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Agency Endowment Fund – The Organization'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 consolidated statement of activities. Distributions received from the fund are recorded as decreases in the beneficial interest. The beneficial interest is included in net assets with donor restrictions on the consolidated statement of financial position.

Pledges Receivable – Pledges receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Pledges due in the next year are reflected as current pledges receivable and are recorded at their net realizable value. Pledges due in subsequent years are reflected as noncurrent pledges receivable and are recorded at the present value of their net realizable value, using a rate commensurate with the risk of the promise to give in accordance with U.S. GAAP. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible pledges receivable at year-end.

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and the Organization's analysis of specific promises made. An allowance for uncollectible pledges totaled $6,252 as of June 30, 2021 (see Note 5).

Accounts Receivable – Accounts receivable are due from patients, third-party payers, and government grants. Third party payer receivables are generally collected within industry norms. Collections are continuously monitored and an allowance for estimated uncollectible receivables is maintained based upon historical experience and specifically identified payer collection issues. The allowance for uncollectible receivables totaled $5,112 as of June 30, 2021 (see Note 4).

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. The Organization's capitalization policy is to capitalize any expenditure over $5,000 for property and equipment. Depreciation is calculated utilizing the straight-line basis over the asset's estimated useful life ranging from 3 to 39 years. Expenditures for repairs and maintenance are charged to expense as incurred.

Note 1—Summary of significant accounting policies (continued)

Contributions – Contributions are recognized when received as contributions without restriction if specified for the current period and there are no donor-imposed restrictions. Contributions specified for future periods or with donor-imposed restrictions are recognized in the period received as contributions with restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the year in which the contributions are recognized.

In-Kind Contributions – The Organization receives various types of in-kind support including supplies, equipment, and professional services. Contributed professional services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed professional dental services are recorded at their fair values in the period received. These services meet the requirements for recognition in the consolidated financial statements and have been recorded or reflected in the accompanying consolidated statement of activities (see Note 14).

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, 2021 was $6,551,540. The discount between market value and patient fees recognized fluctuates with patient mix. The majority of patients are charged 20% of market value. Patient fees are reported including positive adjustments of $14,190 for the year ended June 30, 2021.

Grant Contract – The Tennessee Commission on Aging and Disability awarded a grant contract to IDC effective April 16, 2018 and ending June 30, 2022. The grant is to assist seniors in Tennessee with funds not to exceed $12,500,000 provided by the Senior Trust/Elder Trust settlement case no. 11-1548-111. Under the terms of the grant, IDC and 19 partnering clinics are reimbursed for qualifying expenses incurred to assist seniors. IDC submits all of the clinics qualifying monthly expenses, receives payments for expenses submitted, and forwards reimbursement to the partnering clinics for their respective expenses incurred. Payments received from the state are recorded as grant revenue and expenses remitted to the partnering clinics are recorded as contracted fees on the respective consolidated statement of activities and consolidated statement of functional expenses. IDC also receives an overhead administration fee totaling 8% of total expenses incurred and this is included in government grant revenue. Grant revenue recognized for the year ended June 30, 2021 totaled $2,566,262. In no event shall the state of Tennessee have any liability under this contract.

During April 2020, the Organization was notified that it was elected to receive $272,168 of federal funds through the Tennessee Cares Program in response to the COVID-19 pandemic. Those funds were included as a government grant receivable and grant contract revenue as of and the year ended June 30, 2020. Furthermore, during the year ended June 30, 2021 the Organization was awarded and recognized an additional $939,870 of Cares Act funding on its consolidated statement of activities for the year ended June 30, 2021.

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.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

Note 1—Summary of significant accounting policies (continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll and related expenses	Time and effort
Depreciation and amortization	Square footage
Occupancy	Square footage
Interest	Square footage
Insurance	Time and effort
Payroll processing fees	Time and effort
Office supplies	Time and effort

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements – In January 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities.* This guidance revises accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The Organization adopted ASU 2016-01 using a modified retrospective approach, which resulted in no cumulative effect adjustment. There was no change in the timing and amount of revenue recognition as a result of adopting this ASU.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made.

Subsequent Events – The Organization evaluated subsequent events through October 25, 2021, when these consolidated financial statements were available to issued.

Note 2—Revenue recognition

In May 2014, FASB issued ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606) and subsequently several related ASUs (collectively "ASC 606"). As allowed by ASC 606, the Organization adopted ASC 606 as of July 1, 2019 using the modified retrospective approach and determined that there was no cumulative effect adjustment. There was no change in the timing and amount of revenue recognition as a result of the adoption of ASC 606. Under ASC 606, revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

The Organization recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction prices
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when or as the Organization satisfies a performance obligation

Note 2—Revenue recognition (continued)

The Organization has analyzed the provisions of ASC 606 and has concluded the following:

Patient Fees – The Organization operates two dental clinics in Nashville and Murfreesboro. Such revenue is included in patient fees and patient fees – Smile on Sixty Plus revenue in the statement of activities. Revenue is recognized at a point in time as the patient receives the benefit of the Organization's services and when collectability is reasonably assured.

Contract Balances – Net patient fees receivable totaled $23,576 for the year ended June 30, 2021. Patient fees receivable represent amounts owed for procedures performed during the year ended June 30, 2021, and are primarily related to Medicaid and private insurance payments that are paid after the claim is submitted.

The Organization allows patients to save up for large procedures and make installment payments prior to the procedure date in order for patients to fulfill the amount owed under the sliding scale rate offered by the Organization. The Organization recognizes this revenue once it has satisfied the performance obligation of performing the procedure. Deferred patient fees are included within patient credits on the consolidated statement of financial position, and total $51,619 for the year ended June 30, 2021.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts with customers do not typically include multiple performance obligations.

Variable Consideration/Payment Terms – The Organization's contracts with customers do not result in variable consideration or contract modifications. The Organization's payment terms vary based on the dental procedure performed and the sliding scale rate. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

Disaggregation of Revenue – The table below depicts the disaggregation of revenue by service for the year ended June 30, 2021, and is consistent with how the Organization evaluates financial performance.

Patient fees - DentaQuest/Medicaid	$ 100,478
Patient fees - private insurance	119,430
Patient fees - uninsured	505,567
Patient fees - Smile on Sixty Plus	693,118
Patient fees - adjustments	14,045
	$ 1,432,638

Note 3—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing affordable dental care to uninsured working poor families and those over age 65 to be general expenditures. The Organization maintains a line of credit with maximum borrowings of $450,000 (see Note 8) with a financial institution that is drawn upon during the year to manage cash flow, if needed.

Note 3—Liquidity and availability of resources (continued)

As part of the Organization's liquidity management, it structures financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position, comprise the following at June 30, 2021:

Financial assets at year-end:		
Cash and cash equivalents	$	3,762,535
Pledges receivable, net		85,834
Investments		829,087
Accounts receivable, net		724,300
Unbilled revenue		44,885
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee		19,463
Total financial assets		5,466,104
Less amounts not available to be used for general expenditures within one year:		
Board-designated Building and Emergency Fund		658,160
Board-designated Tooth Fairy Fund		277,719
Net assets with donor restrictions (Note 11)		224,585
Cash restricted for payments related to new market tax credit debt		171,175
Financial assets available to meet general expenditures within one year	$	4,134,465

Note 4—Accounts receivable

Accounts receivable consisted of the following at June 30, 2021:

Patient accounts receivable	$	28,688
Government grant receivables		686,945
Other		13,779
		729,412
Less allowance for doubtful accounts		(5,112)
	$	724,300

Note 5—Pledges receivable

Pledges receivable consisted of the following at June 30, 2021:

Due in less than one year	$	91,355
Due in one to five years		3,657
		95,012
Less discounts to net present value		(2,393)
Less allowance for doubtful accounts		(6,252)
Net pledges receivable	$	86,367
Pledges receivable due in less than one year, net	$	85,834
Pledges receivable due in one to five years, net		533
Net pledges receivable	$	86,367

Gross contributions have been discounted to account for the time value of money using discount rates ranging from 4% to 6%. The rates were determined using the interest method after an allowance had been established.

Note 6—Investments

The Organization follows the *Fair Value Measurement* topic of FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization's fixed income securities and equities are valued at the closing price reported on the active market on which the individual securities are traded. There have been no changes in the methodologies used at June 30, 2021.

Note 6—Investments (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Stocks	$ 829,087	$ -	$ -	$ 829,087
Beneficial interest in agency Endowment fund held by The Community Foundation of Middle Tennessee	19,463	-	-	19,463
	$ 848,550	$ -	$ -	$ 848,550

For the year ended June 30, 2021, interest and dividends earned from these investments totaled $15,575. Net unrealized and realized gains on investments amounted to $148,499 for the year ended June 30, 2021.

The Organization holds investments contributed to the Building and Emergency Fund and the Tooth Fairy Fund in various equity securities and cash. Investments consisted of the following at June 30, 2021:

Building and Emergency Fund	
Cash/Money Market Accounts	$ 19,540
Stocks	562,749
	$ 582,289
Tooth Fairy Fund	
Cash/Money Market Accounts	$ 11,381
Stocks	266,338
	$ 277,719

Note 7—Property and equipment

Property and equipment consisted of the following at June 30, 2021:

Land	$ 446,150
Buildings and improvements	6,927,162
Dental equipment	1,805,808
Office equipment and software	421,883
	9,601,003
Less accumulated depreciation	(2,048,278)
Property and equipment, net	$ 7,552,725

Note 8—Line of credit

At June 30, 2021, the Organization had no outstanding borrowings on a line of credit with a credit limit of $450,000. The line of credit is secured with all of the Organization's business assets and has an interest rate at the bank's prime rate plus .50% (4% at June 30, 2021). Interest is payable monthly, and all outstanding principal plus accrued unpaid interest is due on February 13, 2022.

Note 9—Deferred government grant revenue

During the year ended June 30, 2020, the Organization received a Paycheck Protection Program loan ("PPP") in the amount of $452,204, which was established under the Coronavirus Aid Relief, and Economic Security Act ("CARES Act") and administered by the Small Business Administration ("SBA"). The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account current business activity and the ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Organization having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. As of June 30, 2020, the Organization recorded such amounts as deferred government grant revenue as the conditions for forgiveness had not yet been met at that time.

The Organization applied for forgiveness with the SBA and the SBA forgave the PPP loan in full on April 28, 2021. As a result, the Organization recognized $452,204 to grant contract revenue on the statement of activities for the year ended June 30, 2021.

Under the same terms and requirements, the Organization received a second PPP loan in the amount of $567,107, which was established under the CARES Act and administered by the SBA. If the SBA determines the PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, the Organization would need to repay some or all of the PPP loan and record additional expense, which could have a material, adverse effect on the Organization in a future period. The Organization has deferred recognition of the $567,107 PPP loan for the year ended June 30, 2021, because the conditions for forgiveness have not yet been substantially met, however, the Organization believes it will substantially meet the conditions required for forgiveness in the following year.

Note 9—Deferred government grant revenue (continued)

In April 2020, the Organization received an Economic Injury Disaster Loan ("EIDL") of $10,000 from the SBA. While the SBA refers to this program as an advance, it was written into law as a grant, which means that the amount given through this program does not need to be repaid; however, proceeds from EIDL advances will be deducted from forgiveness allowed under the PPP loan.

During the year ended June 30, 2021, the SBA repealed the requirement to reduce PPP loans by EIDL advances. As a result, the EIDL advance was fully forgiven on May 6, 2021, and the Organization recognized $10,000 to grant contract revenue on the statement of activities for the year ended June 30, 2021.

During the year ended June 30, 2020, the Organization received an advance of funds under the Senior Trust/Elder Trust settlement of $1,226,000. The funds were advanced to the Organization to alleviate cash flow issues for reimbursements to the partnering clinics as a result of timing between monthly reimbursement requests submitted by the Organization to the state, payment to the Organization, and subsequent reimbursement to the partnering clinics by the Organization. The Organization can utilize the advanced funds to pay future reimbursements to IDC and other partnering clinics; therefore, such advance would be considered conditional contributions under ASC 958-605 as recognition of the funds are contingent on qualifying reimbursements in subsequent years. Consequently, the $1,226,000 advance is recorded as deferred grant revenue on the June 30, 2021 consolidated statement of financial position.

Note 10—Board-designated net assets

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

Building and Emergency Fund – This account is intended to provide funds necessary for an operational emergency or building emergency maintenance activity beyond what is in our annual budget.

Tooth Fairy Fund – This fund is for the specific purpose of providing unrestricted, critical revenue to support the mission and work of the Organization for decades to come. Its distributions will be dedicated to funding personnel, operational, infrastructural or capital expenses to fund the Organization's mission. The Graham Memorial Fund and the bequest of the late Mrs. Virginia Tipton provided the seed money to begin building this fund to a goal of one million dollars. Distribution of the fund is at the discretion of the board if the corpus is less than or equal to $1,000,000. If realized gains push the fund above $1,000,000 distributions of the excess can be made by management through a budgeting process

A summary of board-designated net assets is as follows at June 30, 2021:

Building and Emergency Fund	$ 658,160
Tooth Fairy Fund	277,719
	$ 935,879

Note 11—Net assets with donor restrictions

Net assets with donor restrictions consisted of the following at June 30, 2021:

New dental team	$	118,755
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee (see Note 10)		19,463
Pledges receivable, net		86,367
	$	224,585

Note 12—Beneficial interest in agency endowment fund

During the year ended June 30, 2002, the Organization transferred $5,000 to the Community Foundation of Middle Tennessee ("Community Foundation") under an agency endowment fund. It is the hope of the Organization that other individuals will contribute to the fund. The Organization 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; therefore, all gains and losses are reflected as net assets with donor restrictions. The Organization retains a beneficial interest in the endowment fund held by the Community Foundation.

Upon request by the Organization, income from the fund representing an annual return may be distributed to the Organization 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 Organization's beneficial interest in this fund is as follows for the year ended June 30, 2021:

Beneficial interest, beginning of year	$	15,794
Change in value of beneficial interest:		
Realized gain		1,076
Unrealized gain		2,283
Interest and dividends		389
Investment fees		(27)
Administrative expense		(52)
		3,669
Beneficial interest, end of year	$	19,463

The beneficial interest held by the Community Foundation is permanently restricted and included in net assets with donor restrictions (see Note 11). See Note 6 for the fair value measurement of the balance.

Note 13—Net assets released from restrictions

Donor-restricted contributions which have been released to operations due to the satisfaction of the restriction consist of the following for the year ended June 30, 2021:

Payments received on pledges	$	(211,311)
Increase in discount for time value of money		1,980
Increase in pledge allowance		8,513
Released for satisfaction of donor restrictions		(163,910)
	$	(364,728)

Note 14—Contributed property, equipment, and services

Donated property, equipment, and services are used in the ongoing operations of the Organization. The value of donated property, equipment, and services included in the consolidated financial statements and the corresponding expenditure or asset capitalization is as follows for the year ended June 30, 2021:

Revenues:		
Donated professional services	$	664,480
Donated supplies		77,147
Donated equipment		25,993
	$	767,620
In-Kind Expenses:		
Donated professional services	$	664,480
Donated supplies		72,147
Donated equipment		25,993
	$	762,620
Assets:		
Donated equipment capitalized	$	5,000

Note 15—Leases and impact of adoption of new lease standard

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASC 842”). The Organization adopted ASC 842 as of July 1, 2019 using the modified retrospective approach and determined that there was no cumulative effect adjustment. There was no impact to net assets as of July 1, 2019 as a result of the adoption of ASC 842.

Leases – As of June 30, 2021, the Organization has rental agreements for copiers, dental equipment, and a building with a term greater than 12 months.

Note 15—Leases and impact of adoption of new lease standard (continued)

Effective January 1, 2019, IDC began leasing the new building from IDSF. The building is leased for a term of 84 months. The monthly base rent during the year ended June 30, 2021 is $5,199. The intercompany rental income and expense totaling approximately $62,000 was eliminated in consolidation for the year ended June 30, 2021. The intercompany right-of-use asset and lease liability of approximately $255,000 were eliminated in consolidation for the year ended June 30, 2021.

Effective January 1, 2019, IDC began leasing equipment from IDSF. The dental equipment is leased for a term of 60 months. The monthly base rent during the year ended June 30, 2021 is $1,250. The intercompany rental income and expense totaling $15,000 is eliminated in consolidation for the year ended June 30, 2021. The intercompany right-of-use asset and lease liability of approximately $36,000 were eliminated in consolidation for the year ended June 30, 2021.

During September 2018 and August 2019, IDC began leasing copiers at its Davidson County and Rutherford County clinics, respectively. The copiers are each leased for a term of 60 months. The monthly lease payment for the Davidson County copier is $137, and the monthly lease payment for the Rutherford County copier is $123. For the year ended June 30, 2021, the right-of-use assets under the Davidson County copier lease and Rutherford County copier lease are $3,486 and $4,192, respectively, and the lease liabilities under the under the Davidson County copier lease and Rutherford County copier lease are $3,452 and $4,145 respectively.

IDC future minimum payments under the leases are as follows:

	Copiers	Dental Equipment	Building	Total
2022	$ 3,120	$ 15,000	$ 62,389	$ 80,509
2023	3,120	15,000	62,389	80,509
2024	1,887	8,750	62,389	73,026
2025	246	-	62,389	62,635
2026	-	-	36,394	36,394
Thereafter	-	-	-	-
Total	$ 8,373	$ 38,750	$ 285,950	$ 333,073

IDSF leases building and lab space to other not-for-profit entities for terms of 59 to one 120 months at varying monthly rents. Total rental income for the year ended June 30, 2021, excluding eliminated IDC rental income, is $232,838. IDSF also leases building space to IDC on terms noted above, which are eliminated in consolidation.

Note 15—Leases and impact of adoption of new lease standard (continued)

IDSF future minimum rental income under the leases are as follows:

	Other Not-for-Profit Entities	Dental Equipment	Building	Total
2022	$ 237,709	$ 15,000	$ 62,389	$ 315,098
2023	242,463	15,000	62,389	319,852
2024	238,949	8,750	62,389	310,088
2025	235,364	-	62,389	297,753
2026	197,373	-	36,394	233,767
Thereafter	293,868	-	-	293,868
Total	$ 1,445,726	$ 38,750	$ 285,950	$ 1,770,426

Dental equipment and building rental income and expense are intercompany balances that will be eliminated in consolidation in future years.

Note 16—Concentrations

At times, the Organization maintains cash and investments in amounts in excess of federally insured limits. Amounts in excess of federally insured limits at June 30, 2021 totaled $3,334,015. In management's opinion, risk relating to such deposits is minimal based on the credit rating of its depositories.

As of June 30, 2021, 11% of the Organization's total individual, foundation, and corporate contributions were received from one donor. Pledges receivable from one donor represented approximately 71% of pledges receivable at June 30, 2021.

The Organization receives substantial amounts of its revenue from federal and state grants. A significant reduction in the amount received from these resources could have an adverse effect on the operations of the Organization.

Note 17—Employee benefit plan

The Organization 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 annually a portion of their earnings up to the maximum amount allowable under the Internal Revenue Code.

The Organization matches the first 3% of the participant's salary dollar for dollar and $0.50 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. Total matching contributions for the year ended June 30, 2021 were $76,737.

The Organization may also make discretionary contributions to the retirement plan. For the year ended June 30, 2021, no discretionary contributions were made.

Note 18—Related party

The Organization uses a property management association to manage the portion of the building that it owns at its Murfreesboro location. Two of the Organization's employees serve on the board of the management association as president and secretary treasurer. Amounts paid to the management association by the Organization for the year ended June 30, 2021 totaled $14,784.

The Organization participates in a two-member owner's association that maintains land and common elements adjacent to property it owns at 600 Hill Avenue. One of the Organization's employees serves on the board of the owner's association, which was established in April 2018. Amounts paid to the owner's association by the Organization totaled $7,230 for the year ended June 30, 2021.

See Note 15 for intercompany rental income and expense.

Note 19—Special events

During the year ended June 30, 2021, the Organization had fundraising events to help support operations. The following table below shows the amount raised less the cost of direct benefits to donors during the year ended June 30, 2021:

Gross receipts from special events	$	329,717
Less cost of direct benefits to donors		(33,594)
	$	296,123

Note 20—New Market Tax Credit agreement

During October 2018, the Organization entered into a New Market Tax Credit ("NMTC") agreement to assist with the construction of its new headquarters. The Organization will realize a projected benefit in positive cash flow from federal incentives totaling approximately $2,238,000 (unaudited) for the NMTC financing transaction. All loans originated in the NMTC financing transaction are secured by substantially all assets and revenues of the Organization whether owned as of the date of the agreement or thereafter.

In October 2018, IDSF entered into two debt agreements totaling $4,900,000 from Partnerships of Hope XXIII, LLC (a "community development financial institution"). The notes accrue interest at a fixed rate of 1.059% per annum, which is payable quarterly, in arrears, and with a final payment of all outstanding principal and unpaid accrued interest due at maturity in October 2048. Additionally, IDSF entered into two debt agreements totaling $2,000,000 from ST CDE XLIV, LLC (a "community development institution"). The notes accrue interest at a fixed rate of 1.059% per annum, which is payable quarterly, in arrears, and with a final payment of all outstanding principal and unpaid accrued interest due at maturity in October 2048. Debt issuance costs relating to the notes totaled $370,494, with $52,928 being amortized during the year ended June 30, 2021. The notes contain certain nonfinancial covenants which require management's representation that the loans qualify as a "qualified low-income community investment" based on the ongoing activities of the Organization and its continuing mission.

Furthermore, IDC provided a loan of $4,911,400 to Interfaith Dental Nashville Investment Fund, LLC. The loan is evidenced by a promissory note receivable from Interfaith Dental Nashville Investment Fund, LLC, accruing interest at 1.0% per annum, and requiring quarterly payments of interest only through December 2025 at which point the loan will begin to amortize on a straight-line basis through maturity in October 2048.

Note 20—New Market Tax Credit agreement (continued)

As part of this transaction, IDSF is required to maintain two segregated loan reserve funds. The first reserve fund is used for payment of the servicing fee in compliance with the note payable and a portion of the interest expense payable to Partnerships of Hope XXIII, LLC. The initial deposit was $250,000 and will cover annual payments totaling approximately $12,500 for the compliance service fee payable on January 5 each year through 2025, at which point the fee will increase to $25,000. The reserve fund will also pay a portion of the interest expense in the amount of approximately $21,500 each year. IDSF will continue making such expense reimbursements even after the funds in the reserve account have been disbursed. The second reserve fund is used for payment of a portion of the interest expense payable to ST CDE XLIV, LLC. The initial deposit was $17,500 and will cover quarterly payments of $625 for the interest expense. The total amount of the restricted cash as of June 30, 2021 totaled approximately $171,000.

In October 2025, the bank that owns the unaffiliated investment structure may put its interest in the investments structure to IDSF for a put price of $1,000. If the bank does not exercise its put right, IDSF may call the bank's interest in the investment structure for a call price equal to the fair value of the investment. Exercise of the put or the call will provide IDSF with ownership of the investment structure.

Note 21—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The COVID-19 outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material, adverse impact on the economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

COMPLIANCE INFORMATION

INTERFAITH DENTAL CLINIC OF NASHVILLE AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2021

Federal Grantor/Pass-Through Grantor	Assistance Listing Number	Contract Number	Expenditures
FEDERAL AWARDS			
Department of Treasury			
Passed through State of Tennessee, Department of Health			
Covid 19 Community & Faith-Based Health Care Safety Net Support	21.019	Z-20-214802	$ 577,906
Passed through United Way			
Tennessee Community Cares Program	21.019	N/A	279,321
Passed through Metropolitan Government of Nashville and Davison County			
Covid 19 Community Partnership Fund	21.019	N/A	49,000
Passed through Dominion Payroll System			
Families First Coronavirus Response Act	21.019	N/A	33,643
Total for Assistance Listing No. 21.019			939,870
Total Federal Awards			**939,870**
STATE AWARDS			
State of Tennessee, Department of Health			
Emergeny Dental Services, Hygenic Cleanings and Oral Health Care to Uninsured Adults in Tennessee Ages 19-64	N/A	N/A	$ 163,215
Passed through Delta Dental			
Tennessee Dental Safety Net Denture Program	N/A	N/A	215,150
Total State of Tennessee, Department of Health			378,365
Total State Awards			**378,365**
Total Federal and State Awards			**$ 1,318,235**

Note 1—Basis of accounting

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the award activity of Interfaith Dental Clinic of Nashville and Affiliate (the "Organization") under programs of the federal government and the state of Tennessee for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the consolidated financial position, changes in net assets, or cash flows of the Organization.

The Schedule includes expenditures of state awards as defined by the Comptroller of the Treasury's Office of the State of Tennessee. State expenditures are presented in a manner consistent with federal expenditures.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are listed as to reimbursement.

Note 2—Indirect cost allocation

The Organization did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3—Subrecipients

The Organization did not have expenditures to subrecipients during the fiscal year.

Note 4—Noncash awards

The Organization did not receive noncash federal awards during the year ended June 30, 2021.

Note 5—Contingencies

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Interfaith Dental Clinic of Nashville and Affiliate
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Interfaith Dental Clinic of Nashville and Affiliate (the "Organization"), a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
October 25, 2021

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Interfaith Dental Clinic of Nashville and Affiliate
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Interfaith Dental Clinic of Nashville and Affiliate (the "Organization"), a nonprofit organization, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
October 25, 2021

Section I—Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of Interfaith Dental Clinic of Nashville and Affiliate (the "Organization") were prepared in accordance with accounting principles generally accepted in the United States of America.

2. No significant deficiencies or material weaknesses relating to the audit of the consolidated financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.

3. No instances of noncompliance material to the consolidated financial statements of the Organization, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4. A significant deficiency relating to the audit of the major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award program for the Organization expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.

7. The program tested as a major program was:

Assistance Listing Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

8. The threshold for distinguishing between Type A and Type B programs was $750,000.

9. The Organization was determined to be a high-risk auditee.

Section II—Findings – Financial Statement Audit

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the consolidated financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III—Findings and Questioned Costs – Major Federal Award Programs Audit

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

Finding 2021-001 – Significant Deficiency in Internal Control over Reporting for the Coronavirus Relief Fund Assistance Listing Number 21.019

Criteria: The Organization is responsible for establishing controls and procedures to ensure compliance with federal grant reporting requirements. The grant agreement requires quarterly Policy 3 reports to be submitted within 30 days of quarter end.

Condition: During the year ended June 30, 2021, the Organization did not have documented controls in place to review and ensure timely submission of financial and program reports. As a result, the quarterly Policy 3 report was not submitted within thirty days of quarter end for the one Policy 3 report tested.

Effect: The Organization was not in technical compliance with the reporting requirement of the grant.

Cause: There were no documented oversight controls over the reporting procedures.

Recommendation: The Organization should put documented controls in place to ensure accurate and timely reporting.

Management's response: Management agrees with the finding.

Findings – Financial Statement Audit

Not applicable.

Findings and Questioned Costs – Major Federal Award Programs Audit

Not applicable.

interfaith dental
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CORRECTIVE ACTION PLAN

Interfaith Dental Clinic of Nashville, Inc. (the "Organization") respectfully submits the following corrective action plan for the report dated 10/25/2021.

Name and address of independent public accounting firm:
Cherry Bekaert LLP
222 Second Avenue South #1240
Nashville, TN 37201

Audit period: July 1, 2020 – June 30, 2021

The findings from the June 30, 2021 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Significant Deficiency in Internal Control over Financial Reporting

Finding 2021-001—Significant deficiency in Internal Control over Reporting for the Coronavirus Relief Fund Assistance Listing Number 21.019

2020-001 Recommendation: The Organization should put documented controls in place to ensure accurate and timely reporting.

Action Taken: We concur with the recommendation and will establish procedures to ensure clarity in reporting dates and deadlines with our grantor and that timely reporting occurs within the reporting timelines to remain in grant compliance.

Date of Completion: 10/25/2021

If there are any questions regarding this plan, please call Dr. Rhonda Switzer-Nadasdi, at 615-329-4790.

Sincerely,

Rhonda Switzer-Nadasdi

Dr. Rhonda Switzer-Nadasdi
Chief Executive Officer