

**2014**  
**Financial Statements**  
**With**  
**Auditor's Letter**

**INTERFAITH DENTAL CLINIC OF NASHVILLE**

**FINANCIAL STATEMENTS**

**WITH SUPPLEMENTARY INFORMATION**

**JUNE 30, 2014**

(With Independent Auditor's Report Thereon)

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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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, 2014, 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, 2014, 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*  
October 21, 2014

INTERFAITH DENTAL CLINIC OF NASHVILLE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014

ASSETS

Current Assets:		
Cash	\$ 177,490	
Contributions receivable, net	35,798	
Accounts receivable, net	161,680	
Inventory	5,000	
Prepaid expenses	10,118	
Total current assets		\$ 390,086
Property and Equipment, net		2,167,976
Security deposit		1,765
Assets Whose Use is Limited:		
Cash	168,706	
Contributions receivable, net	244,508	
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	11,036	
Investments	306,492	
Total assets whose use is limited		730,742
Total assets		<u>\$ 3,290,569</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Installment note payable - current portion	\$ 19,758	
Accounts payable & accrued expenses	98,932	
Patient credits	18,258	
Total current liabilities		\$ 136,948
Long-term Liabilities		
Installment note payable - less current portion		363,204
Total liabilities		500,152
Net Assets:		
Unrestricted:		
Undesignated	2,059,675	
Board-designated	326,338	
Total unrestricted net assets		2,386,013
Restricted Net Assets:		
Temporarily restricted	393,368	
Permanently restricted	11,036	
Total restricted net assets		404,404
Total net assets		<u>2,790,417</u>
Total liabilities and net assets		<u>\$ 3,290,569</u>

See accompanying notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Patient fees	\$ 746,443	\$ -	\$ -	\$ 746,443
Investment income, net	33,672	-	1,416	35,088
Other income	1,082	-	-	1,082
United Way	141,183	-	-	141,183
Government grants	148,840	-	-	148,840
Individual contributions	154,696	142,185	-	296,881
Foundation contributions	519,619	149,000	-	668,619
Corporate contributions	123,191	-	-	123,191
Church contributions	24,633	-	-	24,633
Special event revenue	338,893	-	-	-
Less: cost of direct benefits to donors	<u>(66,191)</u>	-	-	272,702
Donated professional services	463,640	-	-	463,640
Donated supplies and equipment	59,469	-	-	59,469
Net assets released resulting from satisfaction of donor restrictions	<u>202,611</u>	<u>(202,611)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,891,781</u>	<u>88,574</u>	<u>1,416</u>	<u>2,981,771</u>
Expenses:				
Program services				
Dental services	2,734,052	-	-	2,734,052
Supporting Services				
Management and general	114,204	-	-	114,204
Fundraising	<u>305,373</u>	<u>-</u>	<u>-</u>	<u>305,373</u>
Total expenses	<u>3,153,629</u>	<u>-</u>	<u>-</u>	<u>3,153,629</u>
Increase (decrease) in net assets	<u>(261,848)</u>	<u>88,574</u>	<u>1,416</u>	<u>(171,858)</u>
Net assets - beginning of year	<u>2,647,861</u>	<u>304,794</u>	<u>9,620</u>	<u>2,962,275</u>
Net assets - end of year	<u>\$ 2,386,013</u>	<u>\$ 393,368</u>	<u>\$ 11,036</u>	<u>\$2,790,417</u>

See accompanying notes to financial statements.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Program Services	Supporting Services		
	Dental Services	Management and General	Fundraising & Special Events	Total
Salaries	\$ 1,240,003	\$ 72,941	\$ 145,883	\$ 1,458,827
Payroll taxes and benefits	212,324	12,338	24,677	249,339
Total payroll and related expenses	\$ 1,452,327	\$ 85,279	\$ 170,560	\$ 1,708,166
Bad debt expense	20,202	-	71,627	91,829
Communication	17,322	394	1,968	19,684
Computer support, upgrades and repairs	20,899	464	1,858	23,221
Continuing education, travel, volunteer and employee recognition	33,803	4,375	1,066	39,244
Contract labor	135	1,354	3,711	5,200
Dental equipment, repairs and maintenance	14,181	-	-	14,181
Dental lab	166,241	-	-	166,241
Dental supplies	149,471	-	-	149,471
Depreciation and amortization	197,359	4,063	2,031	203,453
Donated dental supplies	43,140	-	-	43,140
Donated professional services	463,268	372	-	463,640
Donated special event supplies	-	-	925	925
Fundraising	-	-	18,914	18,914
Insurance	16,518	1,734	460	18,712
Interest	15,761	1,483	1,298	18,542
Merchant, bank and investment fees	6,629	265	1,945	8,839
Occupancy	54,401	2,213	5,625	62,239
Office supplies	5,611	802	1,603	8,016
Payroll processing fees	4,504	265	530	5,299
Printing and postage	15,953	1,139	5,697	22,789
Professional services	18,219	8,937	13,425	40,581
Property taxes	18,108	1,065	2,130	21,303
	<u>\$ 2,734,052</u>	<u>\$ 114,204</u>	<u>\$ 305,373</u>	<u>\$ 3,153,629</u>

See accompanying notes to financial statements.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Cash Flows From Operating Activities:

Decrease in net assets \$ (171,858)

Adjustments to reconcile decrease in net assets  
to net cash used in operating activities:

Allowance for doubtful accounts	\$ 23,987
Depreciation and amortization	203,453
Donated software and capital assets	(11,279)
Unrealized gains on investments	(2,558)
Loss on disposal of equipment	12

Changes in:

Accounts receivable	35,181
Contributions receivable	(35,798)
Prepaid expenses	(1,194)
Security deposit	3,500
Assets whose use is limited	(98,448)
Accounts payable & accrued expenses	(19,018)
Patient credits	(4,762)

Total adjustments	93,076
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Net cash used in operating activities	(78,782)
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Cash Flows From Investing Activities:

Purchase of investments	(17,364)
Purchase of property and equipment	(49,921)
Net cash used in investing activities	(67,285)

Cash Flows From Financing Activities:

Payments on installment note payable	(232,638)
Net cash used in financing activities	(232,638)

Net decrease in cash	(378,705)
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Cash - beginning of year	556,195
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Cash - end of year	\$ 177,490
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Supplemental Cash Flow Information

Interest paid during the year ended June 30, 2014, was \$18,542.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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.

**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, 2014, 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.

**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.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

**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, 2014, an allowance of \$53,821 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.

**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, 2014, was \$3,385,377. The discount between market value and patient fees recognized fluctuates with patient mix. The majority of patients are charged 20% of market value.

**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.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

NOTE 1 - Summary of Significant Accounting Policies (continued)

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 2011. 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, 2014.

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.

Fair Values of Financial Instruments

The carrying values of current assets approximate fair values due to short maturities of these instruments.

NOTE 2 - Accounts Receivable

At June 30, 2014, accounts receivable consisted of the following:

Patient accounts receivable	\$ 224,776
Government grant receivable	15,030
Other receivables	<u>738</u>
	240,544
Less: allowance for doubtful accounts	<u>(78,864)</u>
	<u>\$ 161,680</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014, due to satisfaction of donor imposed time restrictions:

Due in less than one year	\$ 35,798
Due in one to five years	<u>-</u>
Unrestricted contributions receivable	<u>\$ 35,798</u>

Restricted contributions receivable consisted of the following at June 30, 2014:

Due in less than one year	\$ 153,093
Due in one to five years	<u>169,914</u>
	323,007
Less: discounts to net present value	(24,678)
Less: allowance for doubtful accounts	<u>(53,821)</u>
Net contributions receivable	<u>\$ 244,508</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	\$ 306,492	\$ 289,950
Money Market	<u>19,846</u>	<u>19,846</u>
	<u>\$ 326,338</u>	<u>\$ 309,796</u>

Investment income (loss) consisted of the following for the year ended June 30, 2014:

Interest and dividend income	\$ 14,440
Realized gain	21,187
Unrealized gain	2,559
Investment fees	<u>(3,098)</u>
Investment income (loss) – net	<u>\$ 35,088</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 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, 2014:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Contributions receivable, net	\$ 280,306	\$ -	\$ -	\$ 280,306
Investments				
Mutual Funds	306,492	306,492	-	-
Beneficial interest in agency				
Endowment fund held by				
The Community Foundation				
of Middle Tennessee	<u>11,036</u>	<u>-</u>	<u>-</u>	<u>11,036</u>
	<u>\$ 597,834</u>	<u>\$ 306,492</u>	<u>\$ -</u>	<u>\$ 291,342</u>

No transfers were made between levels as of June 30, 2014.

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, 2013	\$ 304,794
Increases:	
New pledges	142,185
Change in allowance for uncollectible receivables	2,892
Decreases:	
Payments on pledges	(90,634)
Write-offs	(70,843)
Change in discount for the time value of money	<u>(8,088)</u>
Contributions Receivable, net - June 30, 2014	<u>\$ 280,306</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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, 2014:

Land	\$ 318,453
Buildings and improvements	1,878,625
Dental equipment	891,553
Office equipment and software	<u>246,521</u>
	3,335,152
Less accumulated depreciation	<u>(1,167,176)</u>
Net property and equipment	\$ <u>2,167,976</u>

NOTE 7 - Accounts Payable and Accrued Expenses

At June 30, 2014, accounts payable and accrued expenses consisted of the following:

Accounts payable	\$ 40,090
Credit card payable	9,855
Wages payable	33,617
Payroll taxes payable	1,774
Accrued liabilities	639
Accrued vacation	<u>12,957</u>
	\$ <u>98,932</u>

NOTE 8 - Line of Credit and Installment Note Payable

We had a line of credit in the amount of \$625,000 with Pinnacle Bank which was refinanced on July 30, 2013. The refinanced terms converted the line of credit to an installment note payable with a maturity date of July 30, 2028. When the line of credit was refinanced on July 30, 2013, we paid down the line of credit from \$615,600 to \$400,000. Originally, the line of credit was obtained for staffing and the purchase and renovation of furnishings and fixtures of the Murfreesboro clinic.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

After refinancing in July 2013, the installment note payable consisted of the following at June 30, 2014:

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.

	\$ 382,962
Less: current portion	<u>(19,758)</u>
	<u>\$ 363,204</u>

Annual future maturities of the refinanced note payable are as follows as of July 30, 2014:

**Year Ending June 30,**

2015	\$ 19,758
2016	20,717
2017	21,723
2018	22,778
2019	23,884
Thereafter	<u>274,102</u>
	<u>\$ 382,962</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, 2014, is as follows:

Clinic emergency and building maintenance	\$ 218,620
Graham Memorial Fund	<u>107,718</u>
	<u>\$ 326,338</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 10 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at June 30, 2014:

Time restricted pledged contributions	244,508
Education Center	<u>148,860</u>
	\$ <u>393,368</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.

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, 2014, is as follows:

Beneficial Interest - July 1, 2013	\$ <u>9,620</u>
Change in Value of Beneficial Interest:	
Gifts/Contributions	5
Realized gain	691
Unrealized gain	642
Interest and dividends	157
Investment fees	(39)
Administrative expense	<u>(40)</u>
	<u>1,416</u>
Beneficial Interest - June 30, 2014	\$ <u>11,036</u>

Permanently restricted net assets consisted of the following at June 30, 2014:

Beneficial interest in agency endowment fund	\$ <u>11,036</u>
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See NOTE 5 for the fair value measurement of The Community Foundation of Middle Tennessee.

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014, are as follows:

Payments received on pledges	\$ 90,636
Satisfaction of time restricted contributions receivable	35,798
Education Center	140
Decrease in pledge allowance	(2,894)
Increase in pledge discount	8,088
Pledge write-offs	70,843
	<u>\$ 202,611</u>

**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, 2014, is as follows:

<b><u>Revenues</u></b>	
Donated professional services	\$ 463,640
Donated supplies & equipment	47,265
Donated equipment	4,000
Special events	925
Software - donated	7,279
Total	<u>\$ 523,109</u>
<b><u>Expenses</u></b>	
Donated professional services	\$ 463,640
Dental supplies	43,140
Office supplies	845
Repairs and maintenance	3,280
Special events	925
Total	<u>\$ 511,830</u>
<b><u>Assets</u></b>	
Donated patient video software	<u>\$ 11,279</u>

**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 14 - Leases**

We leased two copiers under operating leases during the year end June 30, 2014. 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 \$9,245 for the year ended June 30, 2014.

A schedule of future minimum lease payments required under all non-cancelable operating leases as of June 30, 2014, follows:

Year Ending June 30,

2015	\$	6,036
2016		6,036
2017		4,218
2018		<u>800</u>
	\$	<u>17,090</u>

**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, 2014, is \$358,805.

At the year ended June 30, 2014, 20% 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, 2014, was \$37,653.

We may also make discretionary contributions to the retirement plan. For the year ended June 30, 2014, we made no discretionary contributions.

**NOTE 17 - Incentive Programs**

During the year ended June 30, 2014, we received \$85,000 in Medicaid Electronic Health Record ("EHR") Incentive Payments. We received this incentive pay for adopting, implementing, and meaningfully using certified EHR technology in our offices to better assist our patients.



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 18 - Education Center**

During the year ended June 30, 2014, we received notice from a donor who will match dollar for dollar in donations we receive for the Interfaith Education Center for Community Dental Care Project. This match has a limit of \$250,000. As of June 30, 2014, we have received \$149,000.

**NOTE 19 - Subsequent Events**

We have evaluated events subsequent to the year ending June 30, 2014. As of October 21, 2014, 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, 2014.



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, 2014, and have issued our report thereon dated October 21, 2014, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Statement of Activities by Location is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Patterson Hardee & Ballentine*

October 21, 2014



**INTERFAITH DENTAL CLINIC OF NASHVILLE**  
**STATEMENT OF ACTIVITIES BY LOCATION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Greater Nashville	Rutherford County Office	Education Center	Total
Public Support and Revenue:				
Church contributions	\$ 24,633	\$ -	\$ -	\$ 24,633
Corporate contributions	83,740	39,451	-	123,191
Donated professional services	380,351	83,289	-	463,640
Donated supplies and equipment	33,438	26,031	-	59,469
Foundation contributions	437,019	82,600	149,000	668,619
Government grants	114,822	34,018	-	148,840
Individual contributions	200,650	83,731	12,500	296,881
Investment income, net	35,088	-	-	35,088
Other income	1,082	-	-	1,082
Patient fees	510,289	236,154	-	746,443
Special event revenue, net of direct benefits	244,352	28,350	-	272,702
United Way	135,598	5,585	-	141,183
Total public support and revenue	<u>2,201,062</u>	<u>619,209</u>	<u>161,500</u>	<u>2,981,771</u>
Expenses:				
Bad debt expense	62,818	29,011	-	91,829
Communication	11,045	8,639	-	19,684
Computer support, upgrades and repairs	15,810	7,411	-	23,221
Continuing education, travel, volunteer and employee recognition	34,237	5,007	-	39,244
Contract labor	3,724	1,351	125	5,200
Dental equipment, repairs and maintenance	13,164	1,017	-	14,181
Dental lab	121,182	45,059	-	166,241
Dental supplies	108,305	41,166	-	149,471
Depreciation and amortization	73,366	130,087	-	203,453
Donated dental supplies	18,810	24,330	-	43,140
Donated professional services	380,351	83,289	-	463,640
Donated special event supplies	925	-	-	925
Fundraising	9,276	9,638	-	18,914
Insurance	15,232	3,480	-	18,712
Interest	10,735	7,807	-	18,542
Merchant, bank and investment fees	5,390	3,434	15	8,839
Occupancy	34,137	28,102	-	62,239
Office supplies	6,893	1,123	-	8,016
Payroll processing fees	3,471	1,828	-	5,299
Payroll taxes and benefits	206,448	42,891	-	249,339
Printing and postage	16,561	6,228	-	22,789
Professional services	31,454	9,127	-	40,581
Property taxes	-	21,303	-	21,303
Salaries	1,101,975	356,852	-	1,458,827
Total expenses	<u>2,285,309</u>	<u>868,180</u>	<u>140</u>	<u>3,153,629</u>
Increase (decrease) in net assets	<u>\$ (84,247)</u>	<u>\$ (248,971)</u>	<u>\$ 161,360</u>	<u>\$ (171,858)</u>