

RECEIVED JUN 15 2007 INTERFAITH DENTAL CLINIC OF NASHVILLE
Financial Statements
June 30, 2007 and 2006

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Independent Auditors' Report

To the Board of Directors of
Interfaith Dental Clinic of Nashville

We have audited the accompanying statements of financial position of Interfaith Dental Clinic of Nashville (a nonprofit organization) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Dental Clinic of Nashville as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Parker, Parker & Associates

October 1, 2007

INTERFAITH DENTAL CLINIC OF NASHVILLE
Statements of Financial Position
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets		
Cash	\$ 282,136	\$ 209,323
Patient Accounts Receivable, Net of Allowance of \$22,347 in 2007 and \$16,532 in 2006	55,263	43,425
Capital Campaign Contributions Receivable	16,020	186,819
Other Contributions Receivable, Net of Allowance of \$8,294 in 2007 and \$7,238 in 2006	220,646	214,778
Prepaid Insurance	<u>6,009</u>	<u>2,089</u>
Total Current Assets	<u>580,074</u>	<u>656,434</u>
Property & Equipment		
Building	1,170,428	1,170,428
Dental Equipment	308,666	313,082
Office Equipment	37,948	37,948
Donated Equipment	34,994	29,994
Land	<u>143,453</u>	<u>143,453</u>
	1,695,489	1,694,905
Less: Accumulated Depreciation	<u>(404,468)</u>	<u>(330,676)</u>
Total Property & Equipment	<u>1,291,021</u>	<u>1,364,229</u>
Other Assets		
Restricted Cash and Investments	344,724	198,335
Beneficial Interest in Agency Endowment Fund Held by the Community Foundation of Middle Tennessee	<u>8,322</u>	<u>6,959</u>
Total Other Assets	<u>353,046</u>	<u>205,294</u>
Total Assets	<u><u>\$ 2,224,141</u></u>	<u><u>\$ 2,225,957</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 23,858	\$ 21,871
Accrued Salaries, Wages, Payroll Deductions Withheld & Taxes	48,357	31,626
Patient Credits	<u>3,377</u>	<u>3,035</u>
Total Current Liabilities	<u>75,592</u>	<u>56,532</u>
Net Assets		
Unrestricted Net Assets		
Unrestricted	1,795,504	1,787,728
Board Designated for Beneficial Interest	8,322	6,959
Board Designated for Graham Memorial Fund	<u>120,036</u>	<u>-</u>
Total Unrestricted Net Assets	1,923,861	1,794,687
Temporarily Restricted Net Assets	<u>224,688</u>	<u>374,738</u>
Total Net Assets	<u>2,148,549</u>	<u>2,169,425</u>
Total Liabilities and Net Assets	<u><u>\$ 2,224,141</u></u>	<u><u>\$ 2,225,957</u></u>

See independent auditors' report and notes to financial statements.

INTERFAITH DENTAL CLINIC OF NASHVILLE
Statements of Activities
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Unrestricted Net Assets		
Revenue		
Patient Fees	\$ 428,996	\$ 313,675
Investment Income	958	475
Interest and Dividend Income	6,092	1,755
Support		
United Way	128,467	114,626
Government Grant	27,150	24,950
Individual and Foundation Contributions	333,021	235,328
Corporate Contributions	37,536	36,453
Church Contributions	20,490	19,885
Bleaching	63,155	45,600
Christmas Cards	10,050	10,900
Gala	80,407	62,315
Graham Memorial Fund (Ryman Concert)	179,898	-
Other Special Events	5,169	3,962
Donated Professional Services	372,754	275,296
Donated Supplies and Equipment	15,235	12,587
Total Revenue and Support	<u>1,709,379</u>	<u>1,157,807</u>
Net Assets Released from Restrictions		
Capital Campaign Restrictions Satisfied by Payments	<u>184,700</u>	<u>796,201</u>
Total Unrestricted Revenue, Support and Reclassifications	1,894,079	1,954,008
Expenses		
Dental Services	1,523,148	1,148,411
Management and General	27,193	21,993
Operational Fundraising	213,856	146,359
Capital Campaign	-	142,728
Tenant	708	6,910
Total Expenses	<u>1,764,905</u>	<u>1,466,400</u>
Increase (Decrease) in Unrestricted Net Assets	129,174	487,608
Temporarily Restricted Net Assets		
Capital Campaign	2,975	439,660
Interest and Dividend Income	11,800	4,291
Investment Income	19,876	14,466
Net Assets Released from Restrictions	<u>(184,700)</u>	<u>(796,201)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	(150,050)	(337,784)
Increase (Decrease) in Net Assets	(20,876)	149,824
Net Assets - Beginning of Year	<u>2,169,425</u>	<u>2,019,601</u>
Net Assets - End of Year	<u><u>\$ 2,148,549</u></u>	<u><u>\$ 2,169,425</u></u>

See independent auditors' report and notes to financial statements.

INTERFAITH DENTAL CLINIC OF NASHVILLE
Statements of Functional Expenses
For the Years Ended June 30, 2007 and 2006

	2007						2006					
	Supporting Services						Supporting Services					
	Dental Services	Management and General	Operational Fundraising	Capital Campaign	Tenant	Total	Dental Services	Management and General	Operational Fundraising	Capital Campaign	Tenant	Total
Accounting and Bank Card Fees	\$ 14,412	\$ 255	\$ 638	\$ -	\$ -	\$ 15,304	\$ 7,719	\$ 521	\$ 2,507	\$ -	\$ -	\$ 10,747
Bad Debt	7,730	-	-	-	-	7,730	15,718	-	-	-	-	15,718
Non-capitalized Construction Costs	-	-	-	-	-	-	-	-	-	100,261	-	100,261
Capital Campaign Fundraising	-	-	-	-	-	-	-	-	-	42,467	-	42,467
Continuing Education, Memberships and Volunteer and Employee Recognition	9,725	1,167	778	-	-	11,670	3,677	171	40	-	-	3,888
Dental Lab	84,957	-	-	-	-	84,957	53,164	-	-	-	-	53,164
Dental Supplies	64,281	-	-	-	-	64,281	47,018	-	-	-	-	47,018
Depreciation	76,713	-	-	-	-	76,713	56,302	-	-	-	-	56,302
Donated Dental Supplies	9,367	-	-	-	-	9,367	9,555	-	-	-	-	9,555
Donated Professional Services	372,754	-	-	-	-	372,754	275,296	-	-	-	-	275,296
Employee Advertising	604	-	-	-	-	604	366	183	-	-	-	549
Fundraising Expenses	-	-	11,802	-	-	11,802	-	-	1,002	-	-	1,002
Insurance	10,760	1,448	207	-	-	12,416	1,091	246	14	-	-	1,351
Interior/Exterior Building Expenses	12,118	655	328	-	-	13,101	2,883	156	78	-	-	3,117
Loss on Disposal of Assets	9,594	-	-	-	-	9,594	57,720	-	-	-	-	57,720
Miscellaneous	-	-	-	-	-	-	535	133	-	-	-	668
Office Supplies	2,783	84	1,350	-	-	4,217	2,458	135	116	-	-	2,709
Payroll Taxes & Benefits	140,427	3,624	16,308	-	-	160,359	94,592	2,734	16,407	-	-	113,733
Printing and Postage	3,724	324	12,144	-	-	16,192	2,253	492	11,991	-	-	14,736
Professional Services	11,056	-	-	-	-	11,056	9,343	-	-	-	-	9,343
Property Taxes	-	-	-	-	708	708	-	-	-	-	6,910	6,910
Dental Equipment, Repairs & Maintenance	14,400	-	-	-	-	14,400	2,804	195	2	-	-	3,001
Salaries	650,012	16,774	75,485	-	-	742,271	481,320	13,889	83,509	-	-	578,718
Special Events	-	-	91,625	-	-	91,625	-	-	27,703	-	-	27,703
Computer Support, Repairs & Maintenance	8,512	1,124	1,806	-	-	11,242	7,470	987	1,409	-	-	9,866
Telephone, Internet and Security	5,409	231	832	-	-	6,472	4,178	1,023	1,018	-	-	6,219
Utilities	13,810	1,507	753	-	-	16,070	12,950	1,126	563	-	-	14,639
Total Expenses	\$ 1,523,148	\$ 27,193	\$ 213,856	\$ -	\$ 708	\$ 1,764,905	\$ 1,148,411	\$ 21,993	\$ 146,359	\$ 142,728	\$ 6,910	\$ 1,466,399

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INTERFAITH DENTAL CLINIC OF NASHVILLE
Statements of Cash Flows
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Decrease in Net Assets	\$ (20,876)	\$ 149,824
Adjustments to Reconcile Increase(Decrease) in Net Assets to Cash Provided by (used in) Operating Activities:		
Depreciation	76,713	56,302
Loss on Disposal of Assets	9,594	57,720
Increase in Donated Property and Equipment	(5,000)	(1,100)
Donated Marketable Securities	(73,808)	-
Unrealized Gain on Marketable Securities	(14,893)	(12,415)
(Increase) Decrease in Patient Accounts Receivable	(11,838)	(5,059)
(Increase) Decrease in Contributions Receivable	164,931	400,899
(Increase) Decrease in Prepaid Insurance	(3,918)	(2,089)
(Increase) Decrease in Beneficial Interest in Agency Endowment Fund	(1,363)	(611)
Increase (Decrease) in Accounts Payable	1,987	(4,414)
Increase (Decrease) in Accrued Liabilities	16,731	8,920
Increase (Decrease) in Patient Credits	342	(1,045)
Total Adjustments	<u>159,477</u>	<u>497,108</u>
Net Cash Provided by (Used in) Operating Activities	<u>138,600</u>	<u>646,932</u>
Cash Flows from Investing Activities		
Payments for the Purchase of Marketable Securities, Net of Fees	(130,318)	(9,902)
Proceeds from Sale of Marketable Securities	72,630	-
Payments for the Purchase of Property and Equipment	(8,099)	(657,034)
Net Cash Provided by (Used In) Investing Activities	<u>(65,787)</u>	<u>(666,936)</u>
Net Increase (Decrease) in Cash	72,813	(20,004)
Cash - Beginning of Year	<u>209,323</u>	<u>229,327</u>
Cash - End of Year	<u>\$ 282,136</u>	<u>\$ 209,323</u>
Supplemental Cash Flow Disclosures:		
Cash Paid For:		
Interest	\$ -	\$ 1,969
Noncash Investing Transactions:		
Donated Property and Equipment	\$ 5,000	\$ 1,100
Donated Marketable Securities	\$ 73,808	\$ -

*Tom
asked
about
Cal Stock*

See independent auditors' report and notes to financial statement.

INTERFAITH DENTAL CLINIC OF NASHVILLE
Notes to Financial Statements
June 30, 2007 and 2006

Note 1. Summary of Significant Accounting Policies

A. Organization and Nature of Activities

Interfaith Dental Clinic of Nashville (the "Clinic") is a nonprofit organization dedicated to providing affordable dental care to uninsured working poor families and those over age 65 in the greater Nashville area through access to affordable quality dental care, oral disease prevention services, and oral health education.

B. Basis of Accounting

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

C. Financial Statement Presentation

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

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

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

D. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes cash on hand, demand deposits and investments with initial maturities of three months or less.

F. Contributions Receivable

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

G. Investments

Investments are stated at the readily determinable fair market value in accordance with Financial Accounting Standards Board ("FASB") Statement No. 124 *Accounting for Certain Investments Held by Not-for-Profit Organizations*. 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.

H. Property, Plant and Equipment

Property, plant and equipment with estimated useful lives greater than one year are carried at cost if purchased or fair market value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years.

I. Contributed Property and Equipment

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

INTERFAITH DENTAL CLINIC OF NASHVILLE
Notes to Financial Statements - Continued
June 30, 2007 and 2006

Note 1. Summary of Significant Accounting Policies - Continued

J. Income Taxes

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

K. Functional Expenses

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

L. 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. If a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted. Otherwise, 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.

M. Contributed Services

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

N. 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. Market value for services performed during 2007 and 2006 were \$1,973,504 and \$1,304,686. The discount between market value and patient fees recognized fluctuates with patient mix. The majority of patients are charged 20% of market value. In addition, the Clinic accepted TennCare payments of \$23,200 during the year ended June 30, 2007 for the benefit of covered children.

O. Agency Endowment Fund

The Clinic's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. In accordance with FASB Statement No. 136 *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, 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.

P. Reclassifications

Certain reclassifications have been made to the financial statements as of and for the year ended June 30, 2006 to conform to 2007 presentation.

Note 2. Investments

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

	2007 Fair Value	2007 Cost	2006 Fair Value	2006 Cost
Money Market	\$ 155,477	\$ 155,477	\$ 35,182	\$ 35,182
Mutual Funds	189,247	154,619	163,153	143,419
	<u>\$ 344,724</u>	<u>\$ 310,096</u>	<u>\$ 198,335</u>	<u>\$178,600</u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
Notes to Financial Statements - Continued
June 30, 2007 and 2006

Note 3. Contributions Receivable

Unconditional promises to give are recorded as follows:

	2007	2006
Receivable in One Year or Less	\$ 129,709	\$ 279,791
Receivable in One to Five Years	115,251	129,045
Total Contributions Receivable-Unrestricted	<u>\$ 244,960</u>	<u>\$ 408,835</u>
	2007	2006
Capital Contributions Receivable	\$ 16,020	\$ 186,819
Other Contributions Receivable	228,940	222,016
Subtotal Contributions Receivable	244,960	408,836
Less:		
Discounts for the Time Value of Money	(8,294)	(7,238)
Contributions Receivable, Net	<u>\$ 236,666</u>	<u>\$ 401,598</u>

Note 4. Contributed Property, Equipment and Services

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

Revenues		
	2007	2006
Donated Professional Services	\$ 372,754	\$ 275,296
Donated Supplies & Equipment	15,235	12,589
	<u>\$ 387,989</u>	<u>\$ 287,885</u>
Expenses		
	2007	2006
Donated Professional Dental Services	\$ 372,754	\$ 275,296
Dental Supplies	9,367	9,555
Repairs and Maintenance	868	1,934
Dental Equipment	5,000	1,100
	<u>\$ 387,989</u>	<u>\$ 287,885</u>

Note 6. Beneficial Interest in Agency Fund Endowment

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

INTERFAITH DENTAL CLINIC OF NASHVILLE
Notes to Financial Statements - Continued
June 30, 2007 and 2006

Note 6. Beneficial Interest in Agency Fund Endowment – Continued

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

	<u>2007</u>	<u>2006</u>
Beneficial Interest - Beginning of Year	\$ 6,959	\$ 6,348
Change in Value of Beneficial Interest:		
Contributions to the Fund	200	-
Realized Gain (Loss)	416	74
Unrealized Gain	542	397
Interest and Dividends	254	184
Administrative Expenses	(49)	(44)
	<u>1,363</u>	<u>611</u>
Distributions to the Clinic	<u>-</u>	<u>-</u>
Beneficial Interest - End of Year	<u><u>\$ 8,322</u></u>	<u><u>\$ 6,959</u></u>

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose as of June 30:

	<u>2007</u>	<u>2006</u>
Capital Campaign	\$ -	\$ 176,402
1998 Building Fund	<u>224,688</u>	<u>198,335</u>
	<u><u>\$ 224,688</u></u>	<u><u>\$ 374,737</u></u>

Note 8. Retirement Plan

The Clinic maintains a 401(k) Retirement Plan for all eligible employees. Employees age 21 or older become eligible to participate in the plan after one year of continuous service. The plan allows participants to contribute a portion of their earnings up to the maximum amount allowable under the Internal Revenue Code each year. The Clinic contributes 8% of a participant's annual salary in contributions after one year of continuous service. Clinic contributions of \$44,178 and \$28,589 were made during the years ended June 30, 2007 and 2006. The Clinic may also make discretionary contributions to the retirement plan. No discretionary contributions to the plan were made during the years ended June 30, 2007 and 2006.

Note 9. Concentrations

The Clinic maintains checking and money market accounts with banks whose accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2007 and 2006, the Clinic's bank accounts exceeded FDIC insurance coverage by \$179,597 and \$95,236. For the years ended June 30, 2007 and 2006, the Clinic received 8% and 10% of its total revenue and support from the United Way.

Note 10. Capital Campaign

The following is a schedule of the revenues and disbursements of the capital campaign for the years ended June 30:

	<u>2007</u>	<u>2006</u>
Net Assets Restricted for Campaign - Beginning of Year	\$ 176,402	\$ 536,504
Contributions	2,975	439,660
Distributions:		
Capitalized Costs	(3,272)	(657,034)
Payroll Costs	(176,105)	(100,261)
Fundraising Costs	-	(42,467)
Net Assets Restricted for Campaign - End of Year	<u><u>\$ -</u></u>	<u><u>\$ 176,402</u></u>

INTERFAITH DENTAL CLINIC OF NASHVILLE
Notes to Financial Statements - Continued
June 30, 2007 and 2006

Note 11. Related Party Transaction

The Clinic outsources human resource functions including payroll preparation, health insurance administration and retirement plan administration to a company owned by a member of the board of directors. During the years ended June 30, 2007 and 2006, the Clinic paid the company \$9,289 and \$7,654.