

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**

Financial Statements  
and  
Independent Auditors' Report

December 31, 2016

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### **Financial Statements**

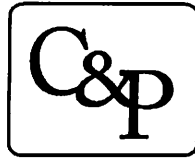
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**COLBY &  
POWELL, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Central Arizona Dental Society Foundation

We have audited the accompanying financial statements of Central Arizona Dental Society Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Arizona Dental Society Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Colby + Powell*

June 12, 2017

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**  
**Statement of Financial Position**  
**December 31, 2016**

**ASSETS**

<b>Current Assets</b>	
Cash	\$ 84,168
Promises to give	<u>16,980</u>
<b>Total current assets</b>	101,148
Property and equipment, net	<u>25,644</u>
<b>TOTAL ASSETS</b>	<u><u>126,792</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	<u>\$ 40,728</u>
<b>Net Assets</b>	
Temporarily restricted	6,000
Unrestricted	<u>80,064</u>
<b>Total net assets</b>	<u>86,064</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 126,792</u></u>

*The accompanying notes are an integral part of these financial statements.*

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**

**Statement of Activities**

**For the Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Corporate and foundation grants	\$ 229,800	\$ -	\$ 229,800
Sponsorships corporate and individual	141,413	6,000	147,413
In-kind contributions	24,064	-	24,064
Other	3,037	-	3,037
<b>Total support and revenue</b>	<u>398,314</u>	<u>6,000</u>	<u>404,314</u>
<b>Net assets released from restrictions</b>	<u>4,641</u>	<u>(4,641)</u>	<u>-</u>
<b>Expenses</b>			
Program services	317,198	-	317,198
Supporting activities			
Management and general	18,041	-	18,041
Fund raising	4,440	-	4,440
<b>Total expenses</b>	<u>339,679</u>	<u>-</u>	<u>339,679</u>
<b>Change in Net Assets</b>	63,276	1,359	64,635
<b>Net assets - Beginning of year</b>	<u>16,788</u>	<u>4,641</u>	<u>21,429</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 80,064</u>	<u>\$ 6,000</u>	<u>\$ 86,064</u>

*The accompanying notes are an integral part of these financial statements.*

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**

**Statement of Functional Expenses**

**For the Year Ended December 31, 2016**

	Supporting Activities			
	Program Services	Management and General	Fund Raising	Total Expenses
Supplies	\$ 83,339	\$ 3,944	\$ 4,440	\$ 91,723
Event costs	87,943	-	-	87,943
Professional services	79,076	-	-	79,076
Rent	52,038	-	-	52,038
Office expenses	9,932	7,402	-	17,334
Personnel	4,870	-	-	4,870
Board costs	-	3,736	-	3,736
Other	-	1,776	-	1,776
Travel	-	1,183	-	1,183
<b>Total expenses</b>	<b>\$ 317,198</b>	<b>\$ 18,041</b>	<b>\$ 4,440</b>	<b>\$ 339,679</b>

*The accompanying notes are an integral part of these financial statements.*

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

<b>Cash flows from operating activities</b>	
Increase in net assets	\$ 64,635
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	435
Increase in operating assets	
Promises to give	(16,980)
Increase in operating liabilities	
Accounts payable	<u>8,573</u>
<b>Net cash provided by operating activities</b>	<b>56,663</b>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	<u>(26,080)</u>
Net increase in cash	30,583
Cash - January 1, 2016	<u>53,585</u>
<b>Cash - December 31, 2016</b>	<b><u><u>\$ 84,168</u></u></b>

*The accompanying notes are an integral part of these financial statements.*



**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016**

***NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

***Nature of Activities*** – Central Arizona Dental Society Foundation (“the Organization”) is a nonprofit organization incorporated in 2010. The Organization provides charitable dental care and education to Arizonans for the purpose of reducing health risks and suffering for those in need, and to improve the quality of life for those who suffer from dental disease.

***Basis of Accounting*** – The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

***Basis of Presentation*** – Financial statement presentation follows U.S. GAAP, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Unrestricted revenue and support is defined as “contributions that are not restricted by time or manner or use by the donor”. For the Organization, this would represent the majority of contribution revenue and other support.

Temporarily restricted support is defined as “contributions that have been restricted in time or manner of use by the donor but which the Organization can use to purchase assets or fund programs”. This category would generally apply to contributions for certain events and expenses. Temporarily restricted net assets totaled \$6,000 as of December 31, 2016.

Permanently restricted support is defined as “contributions that establish an endowment under which the principal must remain intact but the investment income may be used”. The Organization had no permanently restricted net assets for the year ended December 31, 2016.

The amount for each of these classes of net assets is presented in the statements of financial position and the amount of change in each class of net assets is presented in the statements of activities.

***Use of Estimates*** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

***Fair Value of Financial Instruments*** – The carrying value reported in the statements of financial position for cash and cash equivalents approximates its fair value.

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Functional Allocation of Expenses** – The costs of providing the various programs and other activities 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** – The Organization is a not-for-profit organization exempt from Federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for Federal or state income taxes has been made.

**Contribution Receivables and Support** – The Organization operates primarily on grants from local corporations and foundations. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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 restriction.

Conditional contributions are not recorded as revenue until the condition has been met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the pledge is received.

**Cash and Cash Equivalents** – For financial statement purposes, the Organization considers all cash and all highly liquid investments which have maturities of three months or less to be cash and cash equivalents.

**Donated Equipment and Services** – Donated equipment and other donated goods are recorded at their estimated fair market value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded as the estimated fair market value at the time the services were rendered.

The following in-kind contributions were recognized by Central Arizona Dental Society Foundation for the year ended December 31, 2016:

Services	\$ 9,064
Donated supplies and equipment	<u>15,000</u>
	<u>\$ 24,064</u>

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016**

***NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued***

***Property and Equipment*** – Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets typically ranging from 3 to 5 years.

***Advertising*** – The Organization expenses advertising as incurred. Advertising expenses for the year ended December 31, 2016, totaled \$15,517.

***Subsequent Events*** – Subsequent events have been evaluated through June 12, 2017, which is the date the financial statements were issued.

***NOTE 2 – PROPERTY AND EQUIPMENT***

Property and equipment consisted of the following at December 31, 2016:

Hardware	\$ 23,519
Software	2,560
Accumulated depreciation	<u>(435)</u>
Property and equipment, net	<u><u>\$ 25,644</u></u>

***NOTE 3 – CONCENTRATIONS OF CREDIT RISK***

The Organization maintains its cash and cash equivalents in financial institutions at balances that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

***NOTE 4 – COMMITMENTS AND CONTINGENCIES***

Periodically, the Organization may be contingently liable with respect to various claims or other legal matters. In the opinion of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters will not have a material adverse effect on the Organization. Accordingly, no provision has been made in the accompanying consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

**CENTRAL ARIZONA DENTAL SOCIETY FOUNDATION**

**Notes to Financial Statements**

**December 31, 2016**

***NOTE 5 – OPERATING LEASE***

The Organization leased storage units under a non-cancelable operating lease that expired in December 2016. Rental expense attributable to this agreement was \$4,328 for the year ended December 31, 2016.