



National Children's Oral Health Foundation®

Financial Statements for the
Years Ended June 30, 2021 and 2020
and Independent Auditors' Report



GreerWalker



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of America's ToothFairy: National Children's Oral Health Foundation:

We have audited the accompanying financial statements of America's ToothFairy: National Children's Oral Health Foundation (the "Organization") which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 generally accepted accounting principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including 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 Organization'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 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 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 America's ToothFairy: National Children's Oral Health Foundation as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

GreerWalker LLP

Certified Public Accountants
October 18, 2021
Charlotte, NC

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AMERICA'S TOOTHPAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,050,221	\$ 982,935
Inventory	11,262	15,247
Other current assets	2,121	2,121
Total current assets	<u>1,063,604</u>	<u>1,000,303</u>
TOTAL	<u>\$ 1,063,604</u>	<u>\$ 1,000,303</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,250	\$ 2,585
Accrued expenses	11,485	10,742
Total current liabilities	<u>14,735</u>	<u>13,327</u>
PPP NOTES PAYABLE	<u>54,382</u>	<u>70,838</u>
NET ASSETS:		
Without donor restrictions	907,568	724,664
With donor restrictions	86,919	191,474
Total net assets	<u>994,487</u>	<u>916,138</u>
TOTAL	<u>\$ 1,063,604</u>	<u>\$ 1,000,303</u>

See notes to financial statements.

AMERICA'S TOOTHFAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 606,923	\$ 19,500	\$ 626,423
In-kind contributions	1,150,687	-	1,150,687
Other income	70,878	-	70,878
Net assets released from restrictions	124,055	(124,055)	-
Total support and revenue	<u>1,952,543</u>	<u>(104,555)</u>	<u>1,847,988</u>
EXPENSES:			
Program expenses	1,064,386	-	1,064,386
Management and general expenses	121,389	-	121,389
Fundraising expenses	583,864	-	583,864
Total expenses	<u>1,769,639</u>	<u>-</u>	<u>1,769,639</u>
CHANGE IN NET ASSETS	182,904	(104,555)	78,349
NET ASSETS, BEGINNING OF YEAR	<u>724,664</u>	<u>191,474</u>	<u>916,138</u>
NET ASSETS, END OF YEAR	<u>\$ 907,568</u>	<u>\$ 86,919</u>	<u>\$ 994,487</u>

See notes to financial statements.

AMERICA'S TOOTHFAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 574,702	\$ -	\$ 574,702
In-kind contributions	1,738,069	-	1,738,069
Other income	286	-	286
Net assets released from restrictions	181,435	(181,435)	-
Total support and revenue	<u>2,494,492</u>	<u>(181,435)</u>	<u>2,313,057</u>
EXPENSES:			
Program expenses	1,587,092	-	1,587,092
Management and general expenses	189,373	-	189,373
Fundraising expenses	707,942	-	707,942
Total expenses	<u>2,484,407</u>	<u>-</u>	<u>2,484,407</u>
CHANGE IN NET ASSETS	10,085	(181,435)	(171,350)
NET ASSETS, BEGINNING OF YEAR	<u>714,579</u>	<u>372,909</u>	<u>1,087,488</u>
NET ASSETS, END OF YEAR	<u>\$ 724,664</u>	<u>\$ 191,474</u>	<u>\$ 916,138</u>

See notes to financial statements.

AMERICA'S TOOTHFAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2021

	Program	Support Services		Total
		Management and General	Fundraising	
Donated product to affiliates	\$ 645,846	\$ -	\$ -	\$ 645,846
Donated marketing	-	-	504,841	504,841
Salary and benefit expense	183,424	70,524	59,022	312,970
Affiliate grants	134,676	-	-	134,676
Supplies, printing and postage	70,942	2,876	2,407	76,225
Professional services	254	29,156	-	29,410
Rent	15,521	5,968	4,994	26,483
Communication	8,044	3,093	2,588	13,725
Special events	-	-	8,185	8,185
Fees	-	7,589	-	7,589
Computer	2,816	1,083	906	4,805
Insurance	2,685	1,032	864	4,581
Travel	178	68	57	303
Total expenses	<u>\$ 1,064,386</u>	<u>\$ 121,389</u>	<u>\$ 583,864</u>	<u>\$ 1,769,639</u>

See notes to financial statements.

AMERICA'S TOOTHPAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

	Program	Support Services		Total
		Management and General	Fundraising	
Donated product to affiliates	\$ 1,136,032	\$ -	\$ -	\$ 1,136,032
Donated marketing	-	-	602,038	602,038
Salary and benefit expense	183,691	112,551	67,714	363,956
Affiliate grants	210,042	-	-	210,042
Supplies, printing and postage	21,789	6,683	4,021	32,493
Rent	14,864	9,107	5,479	29,450
Professional services	109	28,461	-	28,570
Communication	12,142	7,440	4,476	24,058
Special events	-	-	21,108	21,108
Fees	-	11,440	-	11,440
Public relations	-	8,530	-	8,530
Computer	4,037	2,473	1,488	7,998
Travel	2,173	1,331	801	4,305
Insurance	2,120	1,299	782	4,201
Meetings and events	93	58	35	186
Total expenses	\$ 1,587,092	\$ 189,373	\$ 707,942	\$ 2,484,407

See notes to financial statements.

AMERICA'S TOOTHFAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 78,349	\$ (171,350)
Adjustments to reconcile change in net assets to net cash from operating activities:		
PPP loan forgiveness income	(70,838)	-
Changes in operating assets and liabilities:		
Contributions receivable	-	30,000
Inventory	3,985	6,783
Accounts payable	665	2,585
Accrued expenses	743	1,510
Net cash provided by (applied to) operating activities	<u>12,904</u>	<u>(130,472)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP notes payable	<u>54,382</u>	<u>70,838</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	67,286	(59,634)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>982,935</u>	<u>1,042,569</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,050,221</u>	<u>\$ 982,935</u>

See notes to financial statements.

AMERICA'S TOOTHPAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - America's ToothFairy: National Children's Oral Health Foundation (the "Organization") was formed on December 2, 2005, and is located in Charlotte, North Carolina. The Organization is a not-for-profit corporation whose mission is to eliminate children's pain and suffering from preventable pediatric dental disease and improve quality of life for at-risk children. Serving as an educator, preventer and protector, the Organization drives systems change by delivering proven programs and resources that expand access to care and education, improve oral health literacy and promote overall wellness.

Financial Statement Presentation - The net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met or donor-imposed restrictions stipulating that the amounts be maintained by the Organization in perpetuity.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

New Accounting Standard - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers. The ASU and all subsequently issued clarifying ASUs (collectively, "ASC 606") replaced most existing revenue recognition guidance in GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization adopted the new standard effective July 1, 2020 using the modified retrospective method. Results for reporting periods beginning after July 1, 2020 are presented under ASC 606 while prior period amounts continue to be reported in accordance with previous guidance. The adoption of ASC 606 did not change how the Organization accounts for revenue. Accordingly, the cumulative effect of the initial application of ASC 606 did not result in an adjustment to net assets at July 1, 2020.

For the Organization, this new standard relates only to any revenues generated through contracts with those considered to be customers. It is not applicable for donations of any type.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with one financial institution that, at times, may exceed federally insured limits.

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

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using a discount rate applicable to the year in which the promise is received. Subsequent amortization of the discount is included in contribution revenue. No discount was recorded as of June 30, 2021 and 2020. An allowance for uncollectible pledges receivable is provided based on management's judgment, including such factors as prior collection history and the nature of fundraising activities. The Organization did not record an allowance for years ended June 30, 2021 and 2020.

Inventory - Inventory consists of educational materials that the Organization distributes to third parties in conjunction with its programming and is stated at the lower of cost, determined using the first-in, first-out (FIFO) method, or net realizable value.

Revenue Recognition - The Organization recognized contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier. Contributions receivable are recorded net of estimated uncollectible amounts.

The Organization may receive contributions of cash or other assets which it reports as net assets with donor restrictions if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Donated Services and Goods - The Organization receives donated services and goods and engages in trade transactions, in the ordinary course of business. Such transactions involve donation of dental products, magazine advertisements and on-air advertisements. These goods and services are recorded at the estimated market value of the related goods or services received on the date that they are received. These goods and services are recorded as support in the accompanying statements of activities totaled approximately \$1,151,000 and \$1,738,000 for the years ended June 30, 2021 and 2020, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts. The value of this contributed time does not meet the criteria for recognition of donated services and, accordingly, is not reflected as support in the accompanying financial statements.

Income Taxes - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of June 30, 2021 and 2020.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas and are allocated on the basis of estimates of time and effort.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through October 18, 2021, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,050,221	\$ 982,935
Total financial assets	<u>1,050,221</u>	<u>982,935</u>
Less amounts not available to be used for general expenditures within one year:		
Restricted by donors with purpose restrictions	<u>86,919</u>	<u>191,474</u>
Financial assets available to meet general expenditures within one year	<u>\$ 963,302</u>	<u>\$ 791,461</u>

The Organization is supported by contributions. Because the timing of the contributions fluctuates throughout the year, the Organization must maintain sufficient resources to pay its operating expenses. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. PAYROLL PROTECTION PROGRAM

Under FASB ASC 470, Not-for-Profit Entities are permitted to recognize Payroll Protection Program ("PPP") loans as debt. On May 3, 2020, the Organization received a PPP loan of \$70,838 under the Coronavirus Aid, Relief and Economic Security Act, which was enacted to provide financial relief to certain businesses impacted by the coronavirus pandemic ("COVID-19"). Per terms of the agreement, if the Organization utilizes the funds under certain parameters, it may apply for loan forgiveness up the entire amount owed plus any interest accrued on the loan. The Organization applied for full forgiveness of the loan after it met the related requirements. The bank provided notification of forgiveness of the loan on April 22, 2021. Accordingly, the Organization recognized the forgiven amount as other income in the accompanying statement of activities for the year ended June 30, 2021.

On March 17, 2021, the Organization received a second PPP loan for \$54,382 under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act, which was enacted on December 27, 2020. The terms are similar to the PPP loan granted in 2020. Management expects to meet the requirements for substantial forgiveness under the loan agreement. When notification of forgiveness is received, the Organization will remove the debt and record income in the amount of the forgiven loan.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for future periods or purposes as of June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Oral Health Grants	\$ <u>86,919</u>	\$ <u>191,474</u>

Net assets released from donor restrictions by incurring expenses in satisfaction of time and purpose restrictions during the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Oral Health Grants	\$ <u>124,055</u>	\$ <u>181,435</u>

5. LEASE COMMITMENTS

The Organization leases office space from an unrelated third party under an agreement classified as an operating lease. Rent expense under this agreement totaled approximately \$26,000 for the years ended June 30, 2021 and 2020.

Approximate future minimum lease payments under the operating lease as of June 30, 2021 are as follows:

Year ending June 30:	
2022	\$ 27,000
2023	28,000
2024	<u>26,000</u>
Total minimum lease payments	<u>\$ 81,000</u>

6. EMPLOYEE BENEFIT PLANS

The Organization maintains a retirement plan under which eligible employees can defer a portion of their compensation under the provisions of section 401(k) of the Internal Revenue Code. Employees are eligible for the plan after one year of service and the Organization will match the employees' contribution up to 5% of the employees' salary. Contributions to the plan for the years ended June 30, 2021 and 2020 totaled \$12,313 and \$12,651, respectively.

7. RELATED PARTIES

During the years ended June 30, 2021 and 2020, the Organization received contributions from the Board of Trustees and employees totaling approximately \$15,000 and \$3,000, respectively.

8. CONTINGENCY

On March 10, 2020, the World Health Organization declared COVID-19 to be a pandemic. The outbreak is causing widespread economic disruption across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its donors, customers, employees and vendors, all of which are uncertain and cannot be predicted. Therefore, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.
