



Financial Statements for the
Years Ended June 30, 2022 and 2021
and Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the 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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with generally accepted auditing standards in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Certified Public Accountants
November 14, 2022
Greenville, SC

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,125,713	\$ 1,050,221
Inventory	9,617	11,262
Other current assets	<u>2,121</u>	<u>2,121</u>
Total current assets	<u>1,137,451</u>	<u>1,063,604</u>
PROPERTY, NET	<u>7,655</u>	<u>-</u>
TOTAL	<u>\$ 1,145,106</u>	<u>\$ 1,063,604</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,131	\$ 3,250
Accrued expenses	<u>11,441</u>	<u>11,485</u>
Total current liabilities	<u>16,572</u>	<u>14,735</u>
PPP NOTE PAYABLE	<u>-</u>	<u>54,382</u>
NET ASSETS:		
Without donor restrictions	1,049,069	907,568
With donor restrictions	<u>79,465</u>	<u>86,919</u>
Total net assets	<u>1,128,534</u>	<u>994,487</u>
TOTAL	<u>\$ 1,145,106</u>	<u>\$ 1,063,604</u>

See notes to financial statements.

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

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 735,890	\$ 30,000	\$ 765,890
In-kind contributions	924,108	-	924,108
Other income	54,452	-	54,452
Net assets released from restrictions	37,454	(37,454)	-
Total support and revenue	<u>1,751,904</u>	<u>(7,454)</u>	<u>1,744,450</u>
EXPENSES:			
Program expenses	892,403	-	892,403
Management and general expenses	133,270	-	133,270
Fundraising expenses*	584,730	-	584,730
Total expenses	<u>1,610,403</u>	<u>-</u>	<u>1,610,403</u>
CHANGE IN NET ASSETS	141,501	(7,454)	134,047
NET ASSETS, BEGINNING OF YEAR	<u>907,568</u>	<u>86,919</u>	<u>994,487</u>
NET ASSETS, END OF YEAR	<u>\$ 1,049,069</u>	<u>\$ 79,465</u>	<u>\$ 1,128,534</u>

**Please note the Fundraising Expenses figure includes \$500,082 in donated media and ads.*

See notes to financial statements.

AMERICA'S TOOTHPAIRY: 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>

**Please note the Fundraising Expenses figure includes \$504,841 in donated media and ads.*

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program	Support Services		Total
		Management and General	Fundraising	
Contributed marketing and advertising	\$ -	\$ -	\$ 500,082	\$ 500,082
Contributed product to affiliates	424,026	-	-	424,026
Salary and benefit expense	183,309	67,469	57,294	308,072
Supplies, printing and postage	124,479	10,441	8,867	143,787
Professional services	60,715	34,343	-	95,058
Affiliate grants	66,618	-	-	66,618
Rent	16,042	5,904	5,014	26,960
Communication	8,739	3,216	2,731	14,686
Special events	-	-	8,093	8,093
Fees	-	5,178	-	5,178
Insurance	2,916	1,074	912	4,902
Computer	2,289	842	715	3,846
Travel	2,242	825	701	3,768
Public relations	-	3,600	-	3,600
Depreciation	695	256	217	1,168
Meetings and events	333	122	104	559
Total expenses	<u>\$ 892,403</u>	<u>\$ 133,270</u>	<u>\$ 584,730</u>	<u>\$ 1,610,403</u>

See notes to financial statements.

AMERICA'S TOOTHPAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATIONSTATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program	Support Services		Total
		Management and General	Fundraising	
Contributed product to affiliates	\$ 645,846	\$ -	\$ -	\$ 645,846
Contributed marketing and advertising	-	-	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 TOOTHFAIRY: NATIONAL CHILDREN'S ORAL HEALTH FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 134,047	\$ 78,349
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,168	-
PPP loan forgiveness income	(54,382)	(70,838)
Changes in operating assets and liabilities:		
Inventory	1,645	3,985
Accounts payable	1,881	665
Accrued expenses	(44)	743
Net cash provided by operating activities	<u>84,315</u>	<u>12,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property	<u>(8,823)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP note payable	<u>-</u>	<u>54,382</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	75,492	67,286
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,050,221</u>	<u>982,935</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,125,713</u>	<u>\$ 1,050,221</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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 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 September 2020, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU amends the presentation and disclosures of not-for-profit entities for contributed nonfinancial assets to allow for increased transparency about the measurement of such assets.

The Organization adopted the new standard effective July 1, 2021 and was applied retrospectively for all periods presented in the accompanying financial statements.

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.

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.

Property - All of the Organization's property consists of computers and equipment with a useful life of 3 to 5 years. As of June 30, 2022, the capitalized cost of the property was \$8,823 and accumulated depreciation of \$1,168. The Organization did not have any capitalized property as of June 30, 2021.

Revenue Recognition - The Organization recognized contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier.

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.

Contributed Goods and Services - The Organization receives contributed goods and services, and engages in trade transactions, in the ordinary course of business.

The table below represents in-kind contributions recognized within the statements of activities for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Media and advertising services	\$ 500,082	\$ 504,841
Dental products and supplies	<u>424,026</u>	<u>645,846</u>
Total	<u>\$ 924,108</u>	<u>\$ 1,150,687</u>

Contributed media and advertising services are valued and reported at the estimated fair value based on current rates for similar advertising services and are used for various general and administrative matters. Contributed dental products and supplies are valued and reported at the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States and are used in various program services. The Organization does not sell in-kind contributions. Unless otherwise noted, contributed goods and services did not have donor-imposed restrictions.

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, 2022 and 2021.

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 November 14, 2022, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,125,713	\$ 1,050,221
Less amounts not available to be used for general expenditures within one year:		
Restricted by donors with purpose restrictions	<u>79,465</u>	<u>86,919</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,046,248</u>	<u>\$ 963,302</u>

The Organization is substantially supported by contributions; however, a portion of its support is also received as restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. 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. NOTES PAYABLE

During 2020, the Organization received a loan totaling \$70,838 through the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act, which was enacted to provide financial relief to certain businesses impacted by the coronavirus pandemic. Per the terms of the agreement, if the Organization utilizes the funds under certain parameters, it may apply for loan forgiveness up to 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 PPP loan for \$54,382 under a second PPP established 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. The Organization received full forgiveness of the loan on January 3, 2022. Accordingly, the Organization recognized the forgiven amount as other income in the accompanying statement of activities for the year ended June 30, 2022.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for future periods or purposes as of June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Oral Health Grants	<u>\$ 79,465</u>	<u>\$ 86,919</u>

Net assets released from donor restrictions by incurring expenses in satisfaction of time and purpose restrictions during the years ended June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Oral Health Grants	<u>\$ 37,454</u>	<u>\$ 124,055</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 \$27,000 and \$26,000 for the years ended June 30, 2022 and 2021, respectively.

Approximate future minimum lease payments under the operating lease as of June 30, 2022 are as follows:

Year ending June 30:	
2023	\$ 28,000
2024	<u>26,000</u>
Total	<u>\$ 54,000</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, 2022 and 2021 totaled \$12,531 and \$12,313, respectively.

7. RELATED PARTIES

During the years ended June 30, 2022 and 2021, the Organization received contributions from the Board of Trustees and employees totaling approximately \$5,000 and \$15,000, respectively.
