

GULF COAST DENTAL OUTREACH, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2021

Gulf Coast Dental Outreach, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gulf Coast Dental Outreach, Inc.
Tampa, Florida

Opinion

We have audited the accompanying financial statements of Gulf Coast Dental Outreach, Inc. (a Not-for-Profit Entity), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulf Coast Dental Outreach, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Gulf Coast Dental Outreach, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 accounting principles generally accepted in the United States of America, and for 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 Gulf Coast Dental Outreach, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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.

In performing an audit in accordance with generally accepted auditing standards, 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 Gulf Coast Dental Outreach, Inc.'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 Gulf Coast Dental Outreach, Inc.'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.

affinity CPA P.A.

Tampa, Florida
February 23, 2023

**GULF COAST DENTAL OUTREACH, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

ASSETS

Cash and cash equivalents	\$ 75,158
Investments	231,099
Accounts receivables	149
Prepays and other	<u>1,416</u>
 Total assets	 <u>307,822</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 137
 Net assets without donor restrictions	 <u>307,685</u>
 Total liabilities and net assets	 <u>\$ 307,822</u>

See independent auditor's report and accompanying notes to the financial statements.

**GULF COAST DENTAL OUTREACH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

PUBLIC SUPPORT AND OTHER REVENUES & GAINS

Public support	
Contributed dentist and hygienist services	\$ 291,514
Grants and contributions	160,939
In-kind rent	<u>9,600</u>
Total public support	<u>462,053</u>
Other revenues & gains	
Gain on investment, net of fees	55,737
Facility use assessments	<u>7,298</u>
Total other revenues & gains	<u>63,035</u>
Total public support and other revenues & gains	<u>525,088</u>

EXPENSES

Program services	<u>401,669</u>
Supporting services:	
General administration	40,842
Fundraising	<u>14,660</u>
Total supporting services	<u>55,502</u>
Total expenses	<u>457,171</u>
Change in net assets without donor restrictions	67,917
Net assets without donor restrictions, beginning of year	<u>239,768</u>
Net assets without donor restrictions, end of year	<u>\$ 307,685</u>

See independent auditor's report and accompanying notes to the financial statements.

**GULF COAST DENTAL OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Supporting Services				Total
	Program Services	General Administration	Fundraising	Total Supporting Services	
Personnel expenses	\$ 97,535	\$ 7,567	\$ -	\$ 7,567	\$ 105,102
Other expenses					
Dentist and hygienist	291,514	-	-	-	291,514
Supplies and lab	12,620	-	-	-	12,620
Rent	-	10,428	-	10,428	10,428
Fundraising events	-	-	14,660	14,660	14,660
Repairs and maintenance	-	5,472	-	5,472	5,472
Contract labor	-	4,774	-	4,774	4,774
Insurance	-	3,483	-	3,483	3,483
Telephone	-	2,810	-	2,810	2,810
Professional fees	-	2,500	-	2,500	2,500
Dues and subscriptions	-	1,012	-	1,012	1,012
Convention and seminar	-	727	-	727	727
Office supplies	-	247	-	247	247
Other	-	1,822	-	1,822	1,822
Total expenses	<u>\$ 401,669</u>	<u>\$ 40,842</u>	<u>\$ 14,660</u>	<u>\$ 55,502</u>	<u>\$ 457,171</u>

See independent auditor's report and accompanying notes to the financial statements.

**GULF COAST DENTAL OUTREACH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 67,917
Adjustments to reconcile change in net assets to net cash flows used in operating activities:	
Gain on investments, net of fees	(55,677)
Forgiveness of PPP loan	(16,737)
Increase in assets:	
Accounts receivables	(12)
Prepays and other	(1,136)
Increase in liabilities:	
Accounts payable and accrued expenses	137
Net cash used in operating activities	(5,508)
Net change in cash and cash equivalents	(5,508)
Cash and cash equivalents, beginning of year	80,666
Cash and cash equivalents, end of year	\$ 75,158

NONCASH TRANSACTION:

Conversion of PPP loan into a grant	\$ 16,737
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See independent auditor's report and accompanying notes to the financial statements.

**GULF COAST DENTAL OUTREACH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 NATURE OF THE ORGANIZATION

Gulf Coast Dental Outreach, Inc. (the "Organization") is a 501(c)3 tax-exempt Not-for-Profit organization incorporated in the State of Florida in August 2007. The Organization's mission is to provide low-cost access to dental care through education, prevention, and treatment of disease, focusing on Pinellas, Pasco, and Hillsborough counties in Florida. In order to qualify for care, prospective patients cannot have dental insurance or an income that is greater than 150% of poverty.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Gulf Coast Dental Outreach, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Gulf Coast Dental Outreach, Inc. has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, Gulf Coast Dental Outreach, Inc. reports information regarding its financial position and activities as follows: (1) net assets without restrictions, which include no donor-imposed restrictions and, therefore, are available for any purpose authorized by the Board of Directors (the "Board"); and (2) net assets with restrictions, which include donor-imposed restrictions that will expire in the future.

Support and Revenue Recognition

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Organization accounts for its facility use assessments as an exchange transaction under FASB ASC 606. These facility use assessments are recognized at a point in time when patients are serviced. The Organization has determined that a point in time recognition is appropriate since there are no other performance obligations related to these assessments.

GULF COAST DENTAL OUTREACH, INC.
NOTES TO THE FINANCIAL STATEMENTS
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The Organization receives awards from government agencies and other entities. Such award instruments are to be used for specific programs in accordance with compliance requirements. Grants are considered conditional contributions and are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

Gifts and contributions are recorded at their fair market value on the date of receipt.

Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with restrictions. When a restriction expires (that is, when the stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities. If the restriction expires in the same accounting period in which the revenue is recognized, the Organization reports the contribution as increases in net assets *without* donor restrictions.

Support arising from donated, or in-kind, goods, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee.

For the year ended December 31, 2021, volunteers provided services to assist the Organization's program and management functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. The organization has a policy of capitalizing expenditures for property and equipment with costs greater than \$2,500. Depreciation is provided using the straight-line method over the estimated useful lives of furniture and equipment which range from five to seven years.

If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

GULF COAST DENTAL OUTREACH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Allocation of Functional Expenses

The costs of providing program services and other activities have been summarized on a functional basis. Expenses are allocated on a reasonable basis that is consistently applied. Allocated expenses include salaries, payroll taxes, employee benefits which are allocated on the basis of estimates of time and effort. Other expenses are presented based on management's estimate of the function benefitted by each activity.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, the organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The organization may use valuation techniques consistent with the market income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

- | | |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data are also included. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

GULF COAST DENTAL OUTREACH, INC.
NOTES TO THE FINANCIAL STATEMENTS
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The method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of bank deposits and grant receivable.

The Organization maintains bank accounts with balances which, at times, may exceed federally insured limits. As of December 31, 2021, the organization did not report uninsured cash in any bank account. The Organization has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposit accounts.

Federal Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Inland Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Management has evaluated the Organization's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, the Organization is subject to income tax examinations by the U.S. federal or state tax authorities up to three years after tax returns are filed.

Recent Accounting Pronouncements Not Yet Adopted

1. In 2016, Accounting Standards Update No. 2016-02, *Leases* ("ASU 2016-02") was issued. The amendments in ASU 2016-02 affect any entity that enters into leasing contracts. This ASU supersedes the requirements in ASC 840, *Leases*, and most industry-specific guidance.

The core principle of the guidance is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASU, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization will adopt this new standard effective for the year ending December 31, 2022 and shall disclose qualitative and quantitative information. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

2. In 2020, ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, was issued. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The standard will be effective for the Organization for year ending December 31, 2022. The

**GULF COAST DENTAL OUTREACH, INC.
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Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Going Concern Evaluation

On an annual basis, as required by FASB ASC 205, *Presentation of Financial Statements*, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are available to be issued. The Organization's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the financial statements were available for issuance.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through February 23, 2023, the date the financial statements were available for issue.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization financial assets available within one year of the balance sheet date to meet cash needs for general expenditure as of December 31, 2021 were as follows:

Financial assets at year-end		
Cash and cash equivalents	\$	75,158
Investments		231,099
Receivables		<u>149</u>
Current financial assets available to meet cash expenditures over the next 12 months	\$	<u>306,406</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has investments, as discussed in more detail in Note 4, *Investments*, of approximately \$231,000. Although the Organization does not intend to spend from the investments, amounts from the investments could be made available, if necessary.

NOTE 4 INVESTMENTS

Investments as of December 31, 2021 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Equities	\$ 81,962	\$ 125,178
Fixed income	98,221	101,713
Cash equivalents	<u>4,208</u>	<u>4,208</u>
Total investments	<u>\$ 184,391</u>	<u>\$ 231,099</u>

**GULF COAST DENTAL OUTREACH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

The Organization's investment measured at fair value on a recurring basis were as follows as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 125,178	\$ -	\$ -	\$ 125,178
Fixed income	101,713	-	-	101,713
Cash equivalents	<u>4,208</u>	<u>-</u>	<u>-</u>	<u>4,208</u>
Total investments	<u>\$ 231,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,099</u>

Income from investments is reported as an increase (decrease) in net assets without donor restriction. The following schedule details the investment income (expense) recognized in the Statement of Activities:

Realized and unrealized gain, net	\$ 53,052
Interest and dividend income	4,432
Investment fees	<u>(1,747)</u>
Investment income, net of fees	<u>\$ 55,737</u>

NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received loan proceeds from a financial institution in the amounts of approximately \$17,000 under the Paycheck Protection Program (the "PPP"). This program was established under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In accordance with the PPP funding agreement, the Organization's loans would be forgiven and converted into grants once the Organization meets certain criteria related to its payroll, utility, and interest expenses over a specified measurement period.

The Organization's management determined that the Organization should record the PPP loan as a conditional contribution. The Organization met those conditions in the during the year ended December 31, 2021. As a result of the loan's forgiveness, the Organization recorded approximately \$17,000 of grant and contribution revenue on the Statement of Activities.

NOTE 6 COMMITMENTS

The Organization entered into several contractual agreements, generally cancelable with seven to 30 days written notice, with outside vendors and service providers.

GULF COAST DENTAL OUTREACH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 CONTINGENCIES

In March 2020, the World Health Organization declared a novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. These measures could negatively impact the Organization’s operations, vendors, and owners’ ability to pay their assessments. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization’s operations or cash flows.

The Organization may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations.