

FUTURE SMILES
YEAR ENDED JUNE 30, 2013

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Board of Directors
Future Smiles
Las Vegas, Nevada

INDEPENDENT AUDITOR'S REPORT

I have audited the statement of assets, liabilities and net assets-modified cash basis of Future Smiles as of June 30, 2013, and the related statements of revenues, expenses and net assets-modified cash basis, and functional expenses-modified cash basis for the year then ended. These financial statements are the responsibility of Future Smiles's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Future Smiles as of June 30, 2013, and its revenues, and expenses for the year then ended, on the basis of accounting described in Note 1.

Dennis K. Meservy

November 6, 2013

FUTURE SMILES
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2013

ASSETS	
Current assets:	
Cash	\$ <u>88,316</u>
Total current assets	<u>88,316</u>
Property and equipment (Note 1):	
Dental equipment	26,408
Office furniture and equipment	2,815
Less accumulated depreciation	<u>(9,579)</u>
Total property and equipment	<u>19,644</u>
Total assets	\$ 107,960 =====
LIABILITIES AND NET ASSETS	
Liabilities:	
Current liabilities:	
Total current liabilities	\$ <u>0</u>
Total liabilities	<u>0</u>
Net assets	
Unrestricted	107,960
Temporarily restricted	<u>0</u>
Total net assets	<u>107,960</u>
Total liabilities and net assets	\$ 107,960 =====

The accompanying notes are an integral
part of these financial statements

FUTURE SMILES

STATEMENT OF REVENUES, EXPENSES AND NET ASSETS

YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support:			
Direct public grants	\$ 223,167	\$ 26,345	\$ 249,512
Direct public support	3,241		3,241
Donations in-kind	104,543		104,543
Government contracts	36,829		36,829
Refunds and reimbursements	522		522
Net assets released from restrictions	<u>26,345</u>	<u>(26,345)</u>	
Total revenues and support	<u>394,647</u>	<u>0</u>	<u>394,647</u>
Expenses:			
Program services	337,904		337,904
Support services:			
Management and general	44,795		44,795
Fund-raising	<u>4,260</u>		<u>4,260</u>
Total expenses	<u>386,959</u>	<u>0</u>	<u>386,959</u>
Change in net assets	7,688	0	7,688
Net assets, beginning	<u>100,272</u>	<u>0</u>	<u>100,272</u>
Net assets, ending	\$ 107,960	\$ 0	\$ 107,960
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

FUTURE SMILES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

	Support Services			Total Expenses
	Program Services	Management and General	Fund Raising	
Compensation and related expenses:				
Salaries and wages	\$ 191,737	\$ 31,213	\$	\$ 222,950
Payroll taxes	<u>12,753</u>	<u>2,076</u>		<u>14,829</u>
Total compensation and related expenses	204,490	33,289	0	237,779
Advertising/marketing	2,730	2,730	607	6,067
Audit		5,000		5,000
Bank charges		34		34
Dental supplies	38,188		2,873	41,061
Dues and subscriptions	275	642		917
Insurance	4,753			4,753
Licenses		100		100
Meals	15	107	35	157
Office supplies and expense	2,877	822	411	4,110
Postage	169	48	24	241
Printing	1,040	297	148	1,485
Payroll processing fees	1,301	212		1,513
Rent/utilities	42,000			42,000
Repairs and maintenance	27			27
Staff development	88	87	19	194
Telephone	1,000	286	143	1,429
Travel and meetings	2,581	860		3,441
Uniforms	200			200
Volunteer support in-kind	<u>31,122</u>			<u>31,122</u>
Total expenses before depreciation	332,856	44,514	4,260	381,630
Depreciation	<u>5,048</u>	<u>281</u>		<u>5,329</u>
Total expenses	\$ 337,904	\$ 44,795	\$ 4,260	\$ 386,959
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements

FUTURE SMILES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of significant accounting policies:

Nature of activities:

Future Smiles was incorporated as a Nevada nonprofit corporation on June 10, 2010. The principle activity of the organization is to pursue an increase to access in oral healthcare for underserved, at-risk populations.

Basis of accounting:

The financial statements of Future Smiles have been prepared on a modified cash basis of accounting and reflect only assets and liabilities arising from cash transactions except for depreciation as explained below.

Property and equipment:

The cash basis of accounting has been modified by provision for depreciation allowances for office and dental equipment. Property and equipment is stated at cost and depreciated on a straight-line basis over the estimated useful lives as follows:

Dental equipment	5 years
Office equipment	5 years

If acquired by gift and if material in amount, property and equipment is stated at the fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. No restricted property and equipment donations were made during the year ended June 30, 2013.

Basis of presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958 regarding not-for-profit organizations. Under FASB ASC 958, the Organization is required to report 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.

Expense allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses and Net Assets and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the services benefited.

FUTURE SMILES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2013

1. Summary of significant accounting policies, continued:

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes:

Future Smiles is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Contributions to Future Smiles qualify for the 50 percent charitable contributions limitation for individual donors.

The Organization's Form 990, Return of an Organization Exempt from Income Tax, for the years ending June 30, 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they are filed.

Subsequent events:

Subsequent events have been evaluated through November 6, 2013, which is the date the financial statements were available to be issued.

Contributed services:

Contributed services are recognized as contributions in accordance with FASB ASC 958-605-50-1 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. The value of those contributed services received during the year was \$31,122.

2. In-kind occupancy expenses:

The Organization has been granted the use of space in building owned by the clark county school district to run its programs. The value recorded in the financial statements as revenue and program expenses for the use of these buildings is \$42,000. The value of these in-kind rents has been recorded at the estimated fair value as both a contribution and expense for the fiscal year ended June 30, 2013.

3. Temporarily restricted net assets:

Temporarily restricted net assets amounted to \$0 as of June 30, 2013.