Brighter Way Institute

Financial Statements

December 31, 2025 and 2024

Independent Auditors' Report

To the Board of Directors of
Brighter Way Institute

Opinion

We have audited the financial statements of Brighter Way Institute (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted 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, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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.

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.

Baker Tilly US, LLP

Tempe, Arizona
June 8, 2026

Brighter Way Institute

Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 112,506	$ 251,458
Accounts receivable, net	222,101	280,459
Promises to give, current portion	1,050,900	350,470
Prepaid expenses	20,523	15,010
Supplies inventory	49,368	34,456
Total current assets	1,455,398	931,853
Other Assets		
Promises to give, net of current portion and discount	2,775,187	-
Endowment:		
Cash	2,875	1,056
Investments	180,160	150,852
Operating lease right-of-use assets	112,864	183,919
Property and equipment, net	842,328	895,881
Total other assets	3,913,414	1,231,708
Total assets	$ 5,368,812	$ 2,163,561
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 128,646	$ 92,980
Accrued expenses	213,933	256,343
Deferred revenue	95,272	55,227
Note payable with related party	145,000	-
Current portion of CMS note payable	57,436	51,035
Current portion of operating lease liabilities	71,056	74,379
Total current liabilities	711,343	529,964
Long-Term Liabilities		
Note payable	458,969	459,191
CMS note payable, net of current	47,758	105,194
Operating lease liabilities, net of current	41,808	109,540
Total long-term liabilities	548,535	673,925
Total liabilities	1,259,878	1,203,889
Net Assets		
Without donor restrictions	(78,969)	221,783
With donor restrictions	4,187,903	737,889
Total net assets	4,108,934	959,672
Total liabilities and net assets	$ 5,368,812	$ 2,163,561

See notes to financial statements

Brighter Way Institute

Statements of Activities
Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Program service fees	$ 2,944,974	$ -	$ 2,944,974	$ 2,956,771	$ -	$ 2,956,771
Contributions and other grants	10,378	4,961,617	4,971,995	39,509	1,619,518	1,659,027
In-kind donations	437,270	-	437,270	814,000	-	814,000
Other income	-	-	-	32,145	-	32,145
Investment return	143	19,097	19,240	1,798	14,213	16,011
Net assets released from:						
Time restrictions	350,000	(350,000)	-	375,300	(375,300)	-
Purpose restrictions	15,981	(15,981)	-	687,090	(687,090)	-
Time and purpose restrictions	1,164,719	(1,164,719)	-	-	-	-
	4,923,465	3,450,014	8,373,479	4,906,613	571,341	5,477,954
Special events:						
Special event revenue	-	-	-	57,366	-	57,366
Direct benefit to donors	-	-	-	(29,943)	-	(29,943)
	-	-	-	27,423	-	27,423
Total revenues and support	4,923,465	3,450,014	8,373,479	4,934,036	571,341	5,505,377
Operating Expenses						
Program services	4,904,933	-	4,904,933	5,233,905	-	5,233,905
General and administrative	294,818	-	294,818	311,806	-	311,806
Fundraising expenses	24,466	-	24,466	23,286	-	23,286
Total expenses	5,224,217	-	5,224,217	5,568,997	-	5,568,997
Change in net assets	(300,752)	3,450,014	3,149,262	(634,961)	571,341	(63,620)
Net Assets, Beginning	221,783	737,889	959,672	856,744	166,548	1,023,292
Net Assets, Ending	$ (78,969)	$ 4,187,903	$ 4,108,934	$ 221,783	$ 737,889	$ 959,672

See notes to financial statements

Brighter Way Institute

Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services			Supporting Services		
	Diane & Bruce Halle Brighter Way Dental Center	The Bob & Renee Parsons Center for Pediatric Dentistry	Total Program Services	General and Administrative	Fundraising Expenses	Total Expenses
Salaries	$ 1,306,421	$ 928,850	$ 2,235,271	$ 95,669	$ -	$ 2,330,940
Payroll taxes	88,045	68,426	156,471	6,655	-	163,126
Employee benefits	153,375	82,939	236,314	17,046	-	253,360
Total payroll	1,547,841	1,080,215	2,628,056	119,370	-	2,747,426
Professional services	118,836	421,817	540,653	78,209	19,528	638,390
Mobile clinic expense	3,464	3,464	6,928	-	-	6,928
Dental supplies	369,667	124,746	494,413	-	-	494,413
Laboratory fees	10,394	4,278	14,672	-	-	14,672
Dental equipment	19,032	14,549	33,581	-	-	33,581
In-kind dental supplies	85,000	-	85,000	-	-	85,000
In-kind dental services	331,495	20,775	352,270	-	-	352,270
Advertising and marketing	46,016	46,370	92,386	-	-	92,386
Occupancy expense	108,011	45,838	153,849	-	-	153,849
Communication and technology	96,833	93,401	190,234	-	750	190,984
Insurance	28,081	17,198	45,279	-	-	45,279
Supplies expense	36,210	31,903	68,113	49,461	3,441	121,015
Travel	14,748	66	14,814	3,943	747	19,504
Depreciation	112,372	72,313	184,685	1,212	-	185,897
Interest expense and other fees	-	-	-	42,623	-	42,623
Total expenses	$ 2,928,000	$ 1,976,933	$ 4,904,933	$ 294,818	$ 24,466	$ 5,224,217

See notes to financial statements

Brighter Way Institute

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services			Supporting Services			
	Diane & Bruce Halle Brighter Way Dental Center	The Bob & Renee Parsons Center for Pediatric Dentistry	Total Program Services	General and Administrative	Fundraising Expenses	Direct Donor Benefit	Total Expenses
Salaries	$ 1,603,331	$ 648,649	$ 2,251,980	$ 121,996	$ -	$ -	$ 2,373,976
Payroll taxes	97,704	56,546	154,250	-	-	-	154,250
Employee benefits	141,683	72,791	214,474	19,353	-	-	233,827
Total payroll	1,842,718	777,986	2,620,704	141,349	-	-	2,762,053
Professional services	92,493	368,758	461,251	80,495	15,213	-	556,959
Mobile clinic expense	3,752	3,752	7,504	-	-	-	7,504
Dental supplies	414,563	99,186	513,749	-	-	-	513,749
Laboratory fees	74,370	28	74,398	-	-	-	74,398
Dental equipment	51,954	16,078	68,032	-	-	-	68,032
In-kind dental supplies	150,000	-	150,000	-	-	-	150,000
In-kind dental services	664,000	-	664,000	-	-	-	664,000
Advertising and marketing	63,959	4,375	68,334	-	-	-	68,334
Occupancy expense	100,542	39,384	139,926	-	-	-	139,926
Communication and technology	106,871	44,236	151,107	-	900	-	152,007
Insurance	43,727	123	43,850	-	-	-	43,850
Supplies expense	67,027	27,154	94,181	44,737	5,803	-	144,721
Travel	27,600	374	27,974	7,707	1,370	29,943	66,994
Depreciation	75,977	72,918	148,895	-	-	-	148,895
Interest expense and other fees	-	-	-	37,518	-	-	37,518
Total functional expenses	3,779,553	1,454,352	5,233,905	311,806	23,286	29,943	5,598,940
Direct donor benefit	-	-	-	-	-	(29,943)	(29,943)
Total expenses	$ 3,779,553	$ 1,454,352	$ 5,233,905	$ 311,806	$ 23,286	$ -	$ 5,568,997

Brighter Way Institute

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 3,149,262	$ (63,620)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	185,897	148,895
Amortization of operating leases right-of-use assets	71,055	76,205
Net realized/unrealized loss (gain) on investments	(16,828)	(12,908)
Interest accrued on note payable	-	12,919
Discount on long-term promises to give	224,813	-
Decrease (increase) in:		
Accounts receivable	58,358	44,365
Promises to give	(3,700,430)	(338,614)
Prepaid expenses	(5,513)	(4,924)
Supplies inventory	(14,912)	(11,483)
Increase (decrease) in:		
Accounts payable	35,666	(34,569)
Accrued expenses	(42,410)	124,860
Deferred revenue	40,045	1,552
Operating lease liabilities	(71,055)	(76,205)
Net cash used in operating activities	(86,052)	(133,527)
Cash Flows From Investing Activities		
Purchases of investments	(12,480)	(7,542)
Purchases of property and equipment	(132,344)	(279,765)
Net cash used in investing activities	(144,824)	(287,307)
Cash Flows From Financing Activities		
Principal payments made on note payable	(222)	(168)
Proceeds from notes payable with related party	145,000	-
Payments made on CMS note payable	(51,035)	(17,442)
Note payable from CMS relating to patient services	-	173,671
Net cash provided by financing activities	93,743	156,061
Net decrease in cash	(137,133)	(264,773)
Cash and Cash Equivalents, Beginning	252,514	517,287
Cash and Cash Equivalents, Ending	$ 115,381	$ 252,514
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	$ 112,506	$ 251,458
Endowment cash	2,875	1,056
	$ 115,381	$ 252,514
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 41,156	$ 26,294

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Notes to Financial Statements

Brighter Way Institute (the Organization) works in collaborative and medically integrated environments to serve the needs of the most vulnerable populations at two locations and a mobile clinic. Diane & Bruce Halle Brighter Way Dental Center, in collaboration with other dental companies, strives to give the most comprehensive care available in the nation to our Veterans and to the homeless. The Bob & Renee Parsons Center for Pediatric Dentistry is providing comprehensive dental care to children in impoverished and underserved areas.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments with a remaining maturity of three months or less at date of acquisition to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts due for billings and is stated at the amount management expects to collect under the terms of the service contracts. Benefits to be paid are confirmed with the funding source before services are rendered. If it is later found that the procedure is not covered by insurance or the patient is un-insured, the service is provided without charge.

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. The Organization pools these receivables based on similar risk characteristics in estimating expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. Receivables are written off when the Organization determines that such receivables are deemed uncollectible.

The Organization utilizes the aging method in determining its lifetime expected credit losses on accounts receivable. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables.

Promises to Give

Unconditional promises to give are recognized as revenue in the period the promise is received and as assets, decreases in liabilities or expenses depending on the form of the benefit received. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management applicable to the years in which the promises are received. Amortization of discounts is reflected in contributions.

In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, the Organization records a specific reserve to reduce the amounts recorded to what it believes will be collected. Promises are charged off against the allowance when they are deemed uncollectible. Promises to give at December 31, 2025 and 2024 are considered to be fully collectible by management, and accordingly, an allowance for credit losses is not deemed necessary.

Fair Value Measurements

A framework for measuring fair value has been established by Accounting Standards Codification and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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.
- 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.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified term (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 and usually reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the assets (i.e., real estate valuations, broker quotes).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are measured at fair value in the statements of financial position. Investment return or loss is included in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Risk and Uncertainty

The Organization invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount reported in the statements of financial position.

Property and Equipment

Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of the asset types are as follows:

	Years
Tenant improvements	15
Dental equipment	5-10
Office furniture and equipment	7
Software	3

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor- or grantor- restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

Endowment Funds

The Organization's endowment consists of one donor-designated endowment fund established for the purpose of supporting the Organization's operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Income from the endowment fund assets can be used to support general activities of the Organization.

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continues in perpetuity.

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment funds also include accumulated earnings in the funds that are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization's Board.

In accordance with MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Organization's other resources and (7) the Organization's investment policies.

Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in Arizona Community Foundation's (ACF) long-term investment pool which has an objective to grow long-term capital through a highly diversified portfolio designed to reduce public market volatility through diversification and enhance returns through private market investments. The ACF long-term investment pool includes equity, fixed income, hedge funds and private equity investments. ACF places the pooled funds with various investment managers to implement the strategy and credits a proportionate share of the investment income and gains or losses to the Organization's funds on a monthly basis.

Spending policy. In establishing this policy, the Organization considered the long-term expected return on its endowment. The current spending policy is at the discretion of the Organization's Board of Directors. However, historically, the spending policy has mirrored the allowable annual draws for the ACF endowment funds. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Revenue Recognition for Program Service Fees

The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised services. Program service fees consist of income earned from dental training and education and dental services provided to various clients for various programs. Program service fees are recognized in the period in which the Organization satisfies performance obligations under contracts by transferring services to its patients. The majority of program services fees revenue is recognized at a point in time, in the period the services are provided. This revenue is recognized in the amount to which the Organization expects to be entitled, based on contracted rates with funding sources. Amounts billed are due within 30 days of invoicing. Management records estimated contractual adjustment percentages based on contractual agreements, discount policies and history of payments received compared to claim amounts billed at established rates.

For uninsured patients, the Organization recognizes revenue on the basis of discounted rates based on historical experience of collections. Based on historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services rendered.

Income from program services that is collected in advance is recorded as contract liabilities (deferred revenue) and is recognized as revenue when the related services are performed.

The ending contract balances were as follows:

	December 31,		
	2025	2024	2023
Accounts receivable	$ 222,101	$ 280,459	$ 340,336
Deferred revenue	$ 95,272	$ 55,227	$ 53,675

Contributions

Contributions and grants, including promises to give, received are recorded as income and net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Donations

Donated materials and other noncash assets are recorded at fair value in the period received. Donated services that create or enhance the Organization's nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donated services, are recorded at their fair market values in the period received.

Functional Expenses

Expenses are charged to program services, management and general and fundraising categories based on direct expenditures incurred. Any expenditures not directly chargeable are allocated based on personnel activity, square footage and other appropriate indicators. Certain employee positions are allocated based on time and effort.

Leasing Activities

The Organization recognizes the assets and liabilities that arise from leases on the statements of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term. The Organization does not separate lease and non-lease components for all asset classes when determining the measurement of the right-of-use assets and lease liabilities. When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes. In addition, the Organization does not apply the recognition requirements to any leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather short-term leases are recorded on a straight-line basis over the lease term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and accordingly, there is no provision for corporate income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the IRC and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization follows accounting standards for uncertainty in income taxes, which require that tax positions initially need to be recognized in the financial statements when it is "more likely than not" that the positions will not be sustained upon examination by the tax authorities. As of December 31, 2025 and 2024, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the years ended December 31, 2025 and 2024, the Organization did not have any income tax related interest and penalty expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 8, 2026, the date the financial statements were available to be issued.

2. Liquidity and Availability

The following reflects the Organization's financial assets that could be readily made available within one year of the statement of financial position date to meet general expenditures as of December 31:

	2025	2024
Cash and cash equivalents, non-endowed	$ 112,506	$ 251,458
Accounts receivable, net	222,101	280,459
Promises to give, current portion	1,050,900	350,470
Financial assets available for expenditures	$ 1,385,507	$ 882,387

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also operating with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers any amounts with restrictions for ongoing program activities to be amounts available to meet financial obligations.

3. Concentration of Credit Risk

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents and promises to give. The Organization maintains its cash in bank accounts with financial institutions which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

As of December 31, 2025, 99% of total gross promises are due from one donor. Concentrations of credit risk with respect to promises to give are limited due to the relationship and history with this donor.

4. Promises to Give

Promises to give at December 31, 2025 consist of the following:

Receivable in less than one year	$ 1,050,900
Receivable in one to five years	3,000,000
Gross promises to give	4,050,900
Allowance for uncollectible promises	-
Discount to present value	(224,813)
Net promises to give	$ 3,826,087

Long-term promises to give were recorded at the present value of estimated future cash flows using a discount rate of 3.55%.

5. Investments and Fair Value of Financial Instruments

Investments consist of funds held at and managed by Arizona Community Foundation (ACF). The Organization is invested in investment pools that seek to preserve capital, reduce market volatility and enhance returns through diversifying strategies. Investments held in funds with ACF are valued based on the value of the underlying assets held by ACF and the Organization's percentage in ACF's investment pool. Even though that measurement is based on the adjusted fair values of the assets reported by ACF, the Organization will never receive those specific assets in the pool (Level 3)

The following is a summary of financial instruments measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Beneficial interest in ACF	$ -	$ -	$ 180,160	$ 180,160
Total investments	$ -	$ -	$ 180,160	$ 180,160

The following is a summary of financial instruments measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Beneficial interest in ACF	$ -	$ -	$ 150,852	$ 150,852
Total investments	$ -	$ -	$ 150,852	$ 150,852

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31:

Balance, December 31, 2023	$ 130,402
Purchase of investments	6,237
Interest income	2,611
Realized and unrealized gain	12,908
Investment fees	(1,306)
Balance, December 31, 2024	150,852
Purchase of investments	10,211
Interest income	3,736
Realized and unrealized gain	16,828
Investment fees	(1,467)
Balance, December 31, 2025	$ 180,160

Investment return (loss) is summarized as follows for the years ended December 31:

	2025	2024
Interest and dividends	$ 3,879	$ 4,409
Realized gain (loss)	3,403	153
Unrealized gain (loss)	13,425	12,755
Investment fees	(1,467)	(1,306)
Investment return	$ 19,240	$ 16,011

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Tenant improvements	$ 634,083	$ 634,083
Dental equipment	919,444	787,100
Office furniture and equipment	410,095	410,095
Software	9,148	9,148
	1,972,770	1,840,426
Accumulated depreciation	(1,130,442)	(944,545)
Property and equipment, net	$ 842,328	$ 895,881

Depreciation expense was $185,897 and $148,895 for the years ended December 31, 2025 and 2024, respectively.

7. Endowment

Endowment net asset composition at December 31, 2025 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted amount	$ -	$ 140,469	$ 138,650
Accumulated investment earnings	-	42,566	41,510
Total	$ -	$ 183,035	$ 180,160

Endowment net asset composition at December 31, 2024 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted amount	$ -	$ 128,439	$ 128,439
Accumulated investment earnings	-	23,469	23,469
Total	$ -	$ 151,908	$ 151,908

Changes in the endowment fund for the years ended December 31, 2025 and 2024 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment funds, December 31, 2023	$ -	$ 132,677	$ 132,677
Contributions	-	5,018	5,018
Realized and unrealized losses	-	12,908	12,908
Interest income	-	2,611	2,611
Amounts appropriated for expenditures	-	-	-
Investment fees	-	(1,306)	(1,306)
Endowment funds, December 31, 2024	-	151,908	151,908
Contributions	-	12,030	10,211
Realized and unrealized gain	-	16,828	16,828
Interest income	-	3,736	2,680
Amounts appropriated for expenditures	-	-	-
Investment fees	-	(1,467)	(1,467)
Endowment funds, December 31, 2025	$ -	$ 183,035	$ 180,160

8. Notes Payable with Related Party

In January 2025, the Organization entered into a loan agreement with its CEO for $150,000, bearing interest at 3.9%. The outstanding balance on the loan was $145,000 as of December 31, 2025.

9. Notes Payable

The Organization has a promissory note with Dignity Health which provides for maximum borrowings of $500,000. Interest is due quarterly at the rate of 4% per annum. All outstanding principal and accrued interest are payable no later than September 30, 2029 and the note is collateralized by equipment of the Organization. As of December 31, 2025 and 2024, the balance of the note payable was $458,969 and $459,191, respectively.

10. Centers for Medicare & Medicaid Services (CMS) Note Payable

The Organization received an overpayment in the amount of $173,671 from Medicare relating to patient services in 2024. The Organization negotiated a payment arrangement to repay these funds. The payable is due in 36 monthly installment payments, beginning in October 2024, in the amount of $5,572 which includes interest of 11.875%. As of December 31, 2025, the balance on this note payable was $105,194.

The Organization's future minimum principal payments due under this payable are as follows:

Years ending December 31:	
2026	$ 57,436
2027	47,758
Total principal payments	$ 105,194

11. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2025	2024
Purpose restricted:		
Professional development	$ -	$ 5,981
Time restricted:		
Promises to give	-	350,000
Time and purpose restricted:		
Downtown clinic	3,775,187	-
Expansion of services for Tooth Bus	86,616	200,000
Oral health services	-	30,000
Parsons center	74,400	-
Oral health services - children	35,000	-
Donor management software	33,665	
	4,004,868	230,000
Endowment:		
Portion of endowment fund that is required to be permanently retained	140,469	128,439
Investment return on endowment fund subject to time restrictions under MCFA	42,566	23,469
	183,035	151,908
Total net assets with donor restrictions	$ 4,187,903	$ 737,889

12. In-Kind Donations

In-kind support is as follows for the years ended December 31:

Nonfinancial Asset	Revenue Recognized as of December 31, 2025	Revenue Recognized as of December 31, 2024	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Dental supplies	$ 85,000	$ 150,000	Program services	None	Estimate based on current cost of the products provided by the retail vendors operating in the greater Phoenix metropolitan area.
Dentist and other services	352,270	664,000	Program services	None	Estimate based on number of hours provided as current cost of service provided by professionals operating in the greater Phoenix metropolitan area.
	$ 437,270	$ 814,000			

13. Retirement Plan

The Organization sponsors a 403(b) retirement plan (the Plan) for its eligible employees. Under the terms of the Plan, employees may make voluntary contributions, subject to Internal Revenue Service limitations. The Organization matches the employee contributions up to a maximum amount of eligible compensation subject to certain eligibility criteria as stated in the plan document.

The Organization also has a 457(f) non-qualified deferred compensation retirement plan covering the Chief Executive Officer of the Organization. The 457(f) plan provides for employer contributions at the discretion of the Organization's Board of Directors.

Total contributions made towards the 403(b) and 457(f) plans amounted to approximately $27,827 and $22,572 for the years ended December 31, 2025 and 2024, respectively.

14. Operating Leases

The Organization leases office and building equipment under operating lease agreements that expire at various dates through June 2027. The agreements require monthly payments ranging from approximately $2,274 to $6,500. The Organization entered into a short-term operating lease agreement beginning in July 2024 after the expiration of the previous long-term lease agreement. The Organization renewed the short-term operating lease agreement which is set to expire on June 30, 2026.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term. The Organization estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

The Organization made significant assumptions and judgments in applying the requirements. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.

- Determined whether contracts contain embedded leases.

The Organization does not have any material leasing transactions with any related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31, 2025 and 2024:

	2025	2024
Operating lease right-of-use assets	$ 112,864	$ 183,919
Operating lease liabilities:		
Current	$ 71,056	$ 74,379
Long-term	41,808	109,540
Total operating lease liabilities	$ 112,864	$ 183,919

Below is a summary of expenses incurred pertaining to leases during the years ended December 31, 2025 and 2024:

	2025	2024
Operating lease expense	$ 78,000	$ 78,145
Short-term lease expense	42,861	21,431
Total lease expense	$ 99,576	$ 99,576

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 4.58%. As of December 31, 2025 and 2024, the weighted average remaining lease term is 1.5 and 2.5 years, respectively.

Cash paid for operating leases amounted to $71,500 and $64,500 for the years ended December 31, 2025 and 2024, respectively.

The table below summarizes the Organization's future minimum lease payments for years ending after December 31, 2025:

Years ending December 31:	
2026	$ 78,000
2027	39,000
Total lease payments	117,000
Less present value discount	(4,136)
Total lease liabilities	112,864
Less current portion	(71,056)
Long-term lease liabilities	$ 41,808