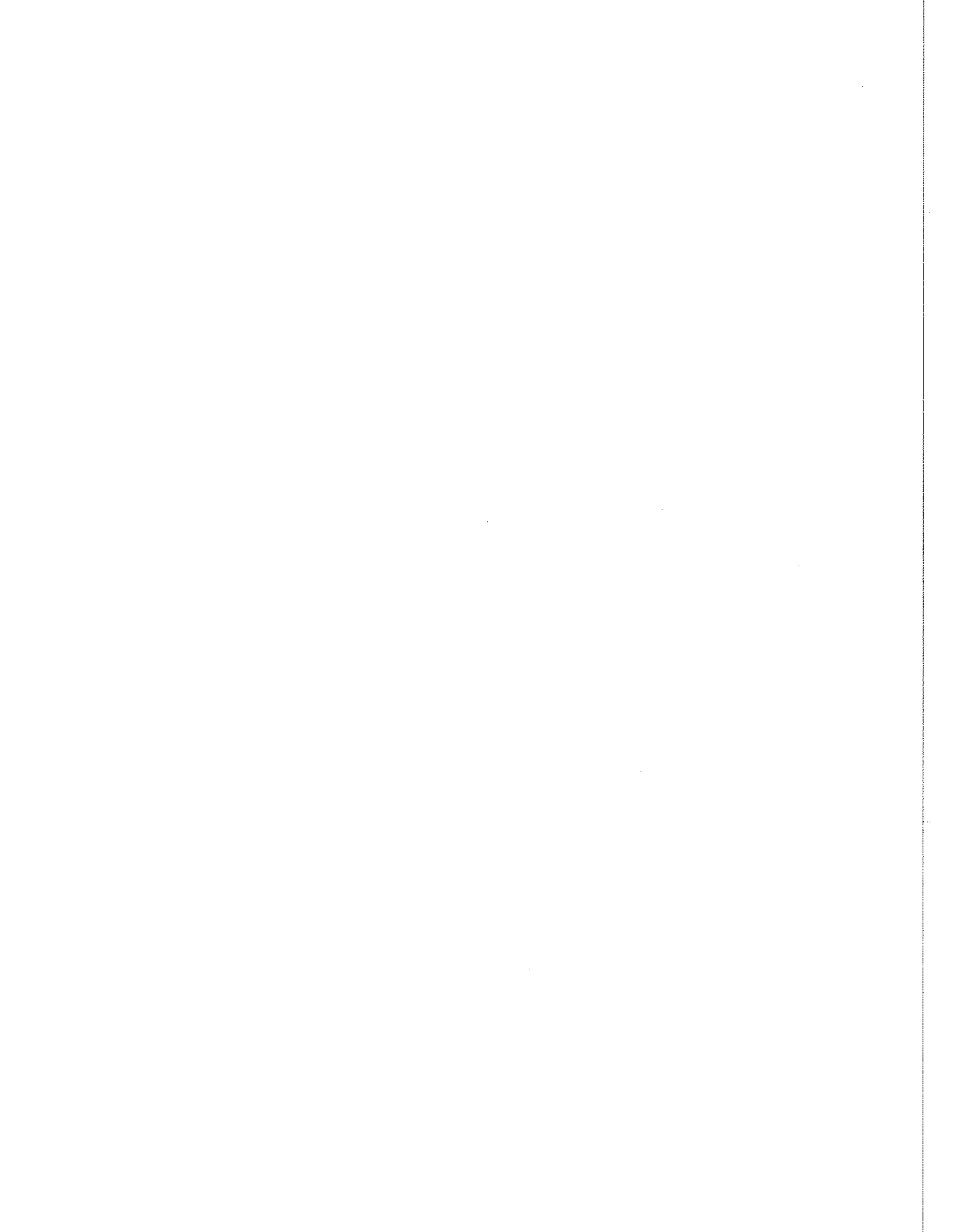


**OKLAHOMA DENTAL FOUNDATION
FOR RESEARCH AND EDUCATION**

Financial Statements
December 31, 2008 and 2007

(With Independent Auditors' Report Thereon)



OKLAHOMA DENTAL FOUNDATION FOR RESEARCH AND EDUCATION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oklahoma Dental Foundation for Research and Education

We have audited the accompanying statements of financial position of the Oklahoma Dental Foundation for Research and Education (the "ODF") as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the ODF's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ODF as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2009, on our consideration of ODF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

The accompanying schedule of Oklahoma State Department of Health (OSDH) awards is presented for purposes of additional analysis as required by the contract between OSDH and the ODF and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Finley + Cook, PLLC

Shawnee, Oklahoma
March 19, 2009

Oklahoma Dental Foundation for Research and Education
 Statements of Financial Position
 December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents	\$ 215,338	166,109
Accounts receivable	39,627	38,213
Certificates of deposit	477,538	475,000
Accrued interest income	9,097	13,630
Property and equipment, net	<u>68,348</u>	<u>104,257</u>
Total assets	<u>\$ 809,948</u>	<u>797,209</u>
 Liabilities		
Accounts payable	\$ 9,973	21,442
Deferred continuing education program fees	<u>7,575</u>	<u>10,500</u>
Total liabilities	<u>17,548</u>	<u>31,942</u>
 Net assets		
Unrestricted	715,399	742,289
Temporarily restricted	<u>77,001</u>	<u>22,978</u>
Total net assets	<u>792,400</u>	<u>765,267</u>
Total liabilities and net assets	<u>\$ 809,948</u>	<u>797,209</u>

See accompanying notes to the financial statements.

Oklahoma Dental Foundation for Research and Education
 Statements of Activities
 Years Ended December 31, 2008 and 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support						
Fees:						
Mobile dental care program	\$ 199,792	—	199,792	223,972	—	223,972
Professional education courses	195,420	—	195,420	202,975	—	202,975
Annual meeting	—	—	—	12,625	—	12,625
Total fees	<u>395,212</u>	<u>—</u>	<u>395,212</u>	<u>439,572</u>	<u>—</u>	<u>439,572</u>
Support:						
Donations received	40,132	—	40,132	37,105	—	37,105
Contributed services	65,800	—	65,800	39,500	—	39,500
Grants received	20,000	80,000	100,000	20,000	5,500	25,500
Gifts in kind	6,700	—	6,700	5,200	—	5,200
Total support	<u>132,632</u>	<u>80,000</u>	<u>212,632</u>	<u>101,805</u>	<u>5,500</u>	<u>107,305</u>
Special event:						
Proceeds	28,050	—	28,050	—	—	—
Cost	(8,530)	—	(8,530)	—	—	—
Special event, net	<u>19,520</u>	<u>—</u>	<u>19,520</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other:						
Interest income	23,129	148	23,277	29,151	163	29,314
Other	—	—	—	50	—	50
Net assets released from restrictions	26,125	(26,125)	—	—	—	—
Total other	<u>49,254</u>	<u>(25,977)</u>	<u>23,277</u>	<u>29,201</u>	<u>163</u>	<u>29,364</u>
Total revenues and support	<u>596,618</u>	<u>54,023</u>	<u>650,641</u>	<u>570,578</u>	<u>5,663</u>	<u>576,241</u>
Expenses						
Program services:						
Access to care program:						
Mobile dental care	350,968	—	350,968	265,355	—	265,355
Volunteer recruitment	20,554	—	20,554	—	—	—
Geriatric care	1,200	—	1,200	11,774	—	11,774
Total access to care program	<u>372,722</u>	<u>—</u>	<u>372,722</u>	<u>277,129</u>	<u>—</u>	<u>277,129</u>
Professional education program	127,520	—	127,520	136,699	—	136,699
Contributions made	14,153	—	14,153	3,800	—	3,800
Annual meeting	—	—	—	19,218	—	19,218
Supporting services:						
Management and general	98,510	—	98,510	112,092	—	112,092
Fundraising	10,603	—	10,603	8,568	—	8,568
Total expenses	<u>623,508</u>	<u>—</u>	<u>623,508</u>	<u>557,506</u>	<u>—</u>	<u>557,506</u>
Change in net assets	(26,890)	54,023	27,133	13,072	5,663	18,735
Net assets as of beginning of year	<u>742,289</u>	<u>22,978</u>	<u>765,267</u>	<u>729,217</u>	<u>17,315</u>	<u>746,532</u>
Net assets as of end of year	<u>\$ 715,399</u>	<u>77,001</u>	<u>792,400</u>	<u>742,289</u>	<u>22,978</u>	<u>765,267</u>

See accompanying notes to the financial statements.

Oklahoma Dental Foundation for Research and Education
 Statements of Cash Flows
 Years Ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ 27,133	18,735
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	35,909	24,295
Change in operating assets and liabilities:		
Accounts receivable	(1,414)	(5,272)
Accrued interest income	4,533	(5,017)
Accounts payable	(11,469)	4,720
Deferred continuing education program fees	(2,925)	(7,930)
Net cash provided by operating activities	51,767	29,531
Cash flows from investing activities		
Purchase of certificates of deposits	(572,538)	(575,000)
Proceeds from maturities of certificates of deposits	570,000	597,000
Net cash provided by (used in) investing activities	(2,538)	22,000
Net increase in cash and cash equivalents	49,229	51,531
Cash and cash equivalents as of beginning of year	166,109	114,578
Cash and cash equivalents as of end of year	\$ 215,338	166,109

See accompanying notes to the financial statements.

Oklahoma Dental Foundation for Research and Education
Notes to the Financial Statements
December 31, 2008 and 2007

1 ORGANIZATION

The Oklahoma Dental Foundation for Research and Education (ODF) is a public foundation. The mission of the ODF is to improve the oral health of Oklahomans by funding scientific research, supporting dental education, and increasing patient access to care.

ACCESS TO CARE PROGRAM

MOBILE DENTAL CARE PROGRAM

The ODF created the Mobile Dental Care Program to address the underserved populations throughout the State of Oklahoma that are currently not receiving basic dental care. In particular, those who cannot afford dental care, and those who must travel too great a distance to make dental care possible.

During 2005, the ODF purchased a van and a trailer that both were fully equipped modern dental clinic on wheels. The mobile dental van was placed in service during 2006. The trailer was placed in service in December 2007.

The ODF works with local site partners, like community health centers, Head Start, and local social service agencies, to identify and schedule patients and promote the mobile dental units' visit to their community. The Mobile Dental Care Program utilizes the volunteer services of dentists, hygienists, and dental assistants statewide.

The Mobile Dental Care Program has been partially funded by annual contracts with the State of Oklahoma, which are summarized as follows:

<u>Contract Term</u>	<u>Amount</u>
September 1, 2006 – June 30, 2007	\$ 100,000
July 1, 2007 – June 30, 2008	100,000
July 1, 2008 – June 30, 2009	100,000

Additionally, the ODF bills Medicaid when the patient is covered.

Numerous dental professionals have contributed their services to the Mobile Dental Care Program. The statements of activities reflect the value of these contributed services in revenues and support, as well as, mobile dental care program expense. The value of contributed dental services was \$65,800 and \$39,500 for the years ended December 31, 2008 and 2007, respectively.

VOLUNTEER RECRUITMENT PROGRAM

In 2008, the ODF received a \$75,000 grant to fund a 2-year dental volunteer recruitment program statewide. Initially, the program is focused on the ODF's Mobile Dental Care Program, but the ODF will expand the program to assist other low income dental care organizations.

GERIATRIC CARE PROGRAM

The ODF's geriatric care program focuses on oral health education for the elderly. In 2007, the ODF produced a DVD to educate caregivers on the proper brushing techniques for patients who can no longer perform this function. During 2008, the ODF distributed these DVDs to nursing homes statewide and to other primary caregivers.

PROFESSIONAL EDUCATION PROGRAM

The ODF provides continuing education and certification courses to dentists, hygienists, and dental assistants. These courses include coronal polishing, sealant application, nitrous oxide, radiation safety, pre-test infection control, and other office management and clinic courses throughout the year.

SPECIAL EVENTS

During 2008, the ODF hosted the Woody Cohlma Memorial Golf Tournament. The ODF contributed 75% of the net proceeds to the University of Oklahoma Foundation to fund dental related scholarships at the University of Oklahoma's College of Dentistry.

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recognized when incurred.

BASIS OF PRESENTATION

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America for not-for-profit entities. The ODF reports 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. The ODF does not have any permanently restricted net assets.

CASH AND CASH EQUIVALENTS

The ODF considers all short-term, highly liquid investments due within 90 days as cash equivalents. This includes money market accounts held at brokerage firms.

ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2008, primarily represents outstanding invoices to the State of Oklahoma. Such outstanding amounts were subsequently collected in the first quarter of the following year.

PROPERTY AND EQUIPMENT

Property and equipment consists of vehicles, dental equipment, and office equipment. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized. Depreciation is allocated among programs and supporting services and is computed on the straight-line method once the item is placed in service over the following useful lives:

Mobile dental vehicles	5 years
Dental equipment	3 years
Office furniture and equipment	3-10 years

INCOME TAXES

The Internal Revenue Service has determined that the ODF is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Income generated from business activities unrelated to the ODF's exempt purpose is subject to federal income taxes. Income taxes generated from unrelated business income were not significant for 2008 or 2007.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities of the ODF have been summarized on a functional basis in the statements of activities. Costs have been allocated accordingly among programs and supporting services benefited.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principals generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3 CERTIFICATES OF DEPOSITS

At December 31, 2008 and 2007, the ODF held certificates of deposits approximating \$478,000 and \$475,000, respectively. All certificates of deposits held were \$100,000 or less. The certificates of deposits held at December 31, 2007, matured in 2008.

The certificate of deposits held at December 31, 2008, mature at various dates during 2009. The interest rates on these certificates of deposit range from 3.1% to 4.8%, with a weighted average interest rate of 3.6%.

Oklahoma Dental Foundation for Research and Education
Notes to the Financial Statements
December 31, 2008 and 2007

4 PROPERTY AND EQUIPMENT

A summary of property and equipment, net, at December 31 is as follows:

	2008	2007
Mobile dental care program:		
Vehicles	\$ 75,000	75,000
Dental equipment	47,925	47,925
Office furniture and equipment	24,650	24,650
	147,575	147,575
Less accumulated depreciation	79,227	43,318
	\$ 68,348	104,257

Depreciation expense approximated \$35,900 and \$24,300, for the years ended December 31, 2008 and 2007, respectively.

5 TEMPORARILY RESTRICTED NET ASSETS

A summary of temporarily restricted net assets at December 31 is as follows:

	2008	2007
Volunteer recruitment program	\$ 59,375	—
Student aid program	13,152	13,033
Special projects	4,474	4,445
Geriatric care program	—	5,500
	\$ 77,001	22,978

6 OPERATING LEASE

The ODF leases its office space. The lease agreement can be terminated by either party upon 90 day written notice. Rent expense approximated \$15,600 and \$9,500 for the years ended December 31, 2008 and 2007, respectively. Effective, January 1, 2009, the ODF entered into a new lease agreement with an annual rent approximating \$19,500.

7 DEFINED CONTRIBUTION PLAN

The ODF provides eligible employees a defined contribution plan through the ADA Members Retirement Program. This defined contribution plan complies with section 401(k) of the Internal Revenue Code.

Eligible employees may contribute up to 100% of their compensation subject to Internal Revenue Code limitations. The ODF's employer contribution is discretionary. In 2008 and 2007, the ODF contributed 10% of eligible employees' compensation. Effective January 1, 2009, the ODF reduced the contribution to 5% of eligible employees' compensation. Employees vest in ODF's employer contribution over a 3 year period. The employer contributions approximated \$9,400 and \$7,400 during 2008 and 2007, respectively.

Oklahoma Dental Foundation for Research and Education
Schedule of Oklahoma State Department of Health Awards
Year Ended December 31, 2008

	<u>Current Year Revenues</u>	<u>Current Year Expenses</u>
OSDH Awards		
Purchase Order 3409010536	\$ 32,984	32,984
Purchase Order 3409012215	<u>65,925</u>	<u>65,925</u>
	<u>\$ 98,909</u>	<u>98,909</u>

See independent auditors' report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Oklahoma Dental Foundation for Research and Education

We have audited the financial statements of the Oklahoma Dental Foundation for Research and Education (the "ODF") as of and for the year ended December 31, 2008, and have issued our report thereon dated March 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the ODF's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ODF's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ODF's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

(Continued)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ODF's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Finley + Cook, PLLC

Shawnee, Oklahoma
March 19, 2009