
Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation

Consolidated Financial Report with Supplemental Information December 31, 2020

Open Items

1. ~~Functional Expense disclosure~~
- 2.
- 3.
- 4.
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- 6.
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- 8.
- 9.
- 10.

Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation

Contents

Independent Auditor's Report	1
Consolidated Financial Statements	
Balance Sheet	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Consolidated Financial Statements	6-20
Supplemental Information	21
Independent Auditor's Report on Supplemental Information	22
Consolidating Balance Sheet	23-26
Consolidating Statement of Activities and Changes in Net Assets	27-30

Independent Auditor's Report

To the Board of Directors
Michigan Dental Association and Subsidiaries
and Michigan Dental Association Foundation

We have audited the accompanying consolidated financial statements of Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation (collectively, the "Organization"), which comprise the consolidated balance sheet as of December 31, 2020 and 2019 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation as of December 31, 2020 and 2019 and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

June 16, 2021

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidated Balance Sheet

December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash	\$ 3,478,167	\$ 2,129,100
Investments (Notes 3 and 4)	8,599,240	9,098,602
Receivables:		
Trade	174,455	204,049
Commissions and other	108,749	337,990
Affiliates (Note 6)	950,345	386,162
Prepaid expenses and other current assets	162,967	215,293
Total current assets	13,473,923	12,371,196
Other Assets - Deferred tax assets (Note 7)	36,000	16,000
Property and Equipment - Net (Note 5)	5,181,223	5,418,198
Total assets	\$ 18,691,146	\$ 17,805,394
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		
Trade	\$ 123,530	\$ 226,295
Premiums	505,196	589,990
Affiliates (Note 6)	129,802	140,142
Deferred revenue and undistributed dues	2,815,852	2,598,232
Accrued expenses	440,564	438,265
Long term debt - current portion (Note 9)	281,436	-
Current portion of postemployment benefits payable (Note 11)	14,692	14,009
Total current liabilities	4,311,072	4,006,933
Long term debt - net of current portion (Note 9)	372,864	-
Postemployment Benefits Payable (Note 11)	134,863	147,251
Total liabilities	4,818,799	4,154,184
Net Assets		
Net assets without donor restrictions:		
Undesignated	8,499,170	8,547,043
Board designated (Note 12)	5,109,595	4,846,355
Total net assets without donor restrictions	13,608,765	13,393,398
Net assets with donor restrictions (Note 12)	263,582	257,812
Total net assets	13,872,347	13,651,210
Total liabilities and net assets	\$ 18,691,146	\$ 17,805,394

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

**Consolidated Statement of Activities
and Changes in Net Assets**

Years Ended December 31, 2019 and 2018

	2020	2019
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Membership dues - Net of payments to American Dental Association and district societies	\$ 2,731,033	\$ 2,766,968
Annual session	22,944	830,357
Journal	238,212	266,559
Seminars	90,347	198,201
Royalty income	343,637	527,164
Sponsor fee	382,613	402,294
Glove program - Net of cost of products sold of 0 and \$1,171,261 at December 31, 2020 and 2019, respectively	190	453,579
IFG services to association members	4,851,733	4,700,993
Contributions	240,750	210,966
Other income	370,461	435,031
Rental income	500	950
Investment income - Net	71,451	99,711
Total revenue, gains, and other support	9,343,871	10,892,773
Net assets released from restrictions	131,548	13,604
Total revenue, gains, other support, and net assets released from restrictions	9,475,419	10,906,377
Expenses (Note 15)	9,756,589	11,235,625
Decrease in Net Assets without Donor Restrictions - Before other items	(281,170)	(329,248)
Other Items - Net realized/unrealized gain on investments	496,537	996,388
Increase in Net Assets without Donor Restrictions	215,367	667,140
Changes in Net Assets with Donor Restrictions		
Contributions	123,856	61,780
Investment income - Net	13,462	20,184
Net assets released from restrictions	(131,548)	(13,604)
Increase in Net Assets with Donor Restrictions	5,770	68,360
Increase in Net Assets	221,137	735,500
Net Assets - Beginning of year	13,651,210	12,915,710
Net Assets - End of year	\$ 13,872,347	\$ 13,651,210

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidated Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	\$ 221,137	\$ 735,500
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	249,068	278,969
Loss on disposal of property and equipment	-	12,348
Net realized/unrealized (gain) on investments	(496,537)	(996,388)
Deferred taxes	(71,149)	(9,000)
Changes in operating assets and liabilities that (used) provided cash:		
Receivables	(305,348)	73,147
Inventory	-	247,988
Prepaid expenses and other	52,326	12,942
Accounts payable	(197,899)	61,009
Deferred revenue and undistributed dues	217,620	(6,921)
Accrued expenses	53,448	80,968
Postemployment benefits payable	(11,705)	(12,002)
Net cash (used in) provided by operating activities	(289,039)	478,560
Cash Flows from Investing Activities		
Purchase of property and equipment	(12,093)	(103,784)
Proceeds from disposition of property and equipment	-	14,261
Purchases of investments	(3,820,461)	(3,204,980)
Proceeds from sales and maturities of investments	4,816,360	3,208,411
Donated investments	-	20,525
Net cash provided by (used) in investing activities	983,806	(65,567)
Cash Flows Provided by Financing Activities - Proceeds from long term debt	654,300	-
Net Increase in Cash	1,349,067	412,993
Cash - Beginning of year	2,129,100	1,716,107
Cash - End of year	\$ 3,478,167	\$ 2,129,100
Supplemental Cash Flow Information - Cash paid for taxes	\$ (134,295)	\$ (46,000)

Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 1 - Nature of Business

The consolidated financial statements of Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation include the parent organization, Michigan Dental Association (the "Association") and its wholly owned subsidiaries, MDA HQ, LLC and MDA Insurance & Financial Group, Inc. (IFG). Michigan Dental Association Foundation (the "Foundation") is also included in the consolidated financial statements due to the Association's ability to determine direction and assign functions to the Foundation. Collectively, these entities are known as the "Organization."

The following is a brief description of each entity:

Michigan Dental Association

The Association is incorporated in the state of Michigan as a not-for-profit corporation and is exempt from income tax under Section 501(c)(6) of the Internal Revenue Code. The mission of the Association, as adopted by the House of Delegates, is to encourage the improvement of the oral health of the public; to enhance its members' ability to provide care to the public through education, training, and services; and to promote the science and art of dentistry.

MDA HQ, LLC

This subsidiary was formed to hold all real estate owned by the Association and operate the building.

MDA Insurance & Financial Group

IFG is a for-profit, wholly owned subsidiary of the Association. IFG administers the MDA Health Plan Trust and other insurance programs for the benefit of association members.

Michigan Dental Association Foundation

The Foundation is organized as a nonstock, nonprofit corporation under the laws of the State of Michigan and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation's board appointments are controlled by the Association. The Foundation was formed to receive and administer funds for education in dentistry and for research fellowships and scholarships to outstanding students intending to pursue educational training for a career in dentistry or related fields. The Foundation also provides financial aid to Michigan dentists and their dependents who are not wholly self-sustaining.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The financial statements include the accounts of the Association and all of its subsidiaries and financially interrelated not-for-profit organizations. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash and Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Organization's deposits may not be returned to it. At year end, a significant portion of the Organization's cash balance was held at a financial institution that exceeded the Federal Deposit Insurance Corporation (FDIC) limits. The Organization believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts, if needed, through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off. The allowance for doubtful accounts was \$5,000 at both December 31, 2020 and 2019.

Investments

Investments consist of money markets, certificates of deposit, mutual funds, fixed-income, and equity securities and are stated at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the consolidated statement of activities and changes in net assets. The Organization's investments are exposed to various risks, such as market risk, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the value of securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Inventory

Substantially all inventory is valued at the lower of cost or net realizable value, using the last-in, first-out (LIFO) method.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated and amortized over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Revenue Recognition

The Organization adopted ASC 606 as of January 1, 2019. The core principle of ASC 606 is that an organization will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods or services.

The Organization generates its revenue from multiple sources, as described below:

Membership Dues

For membership dues, the Organization has performance obligations for overall membership benefits provided to members and discounted educational sessions. Membership dues are charged to members over a defined membership period. Dues are billed at the beginning of each membership period and are recognized as a contract liability within deferred revenue and undistributed dues in the consolidated balance sheet. The Organization recognizes membership revenue over time, using an output method of time elapsed over the membership period, as the Organization stands ready to provide the promised membership benefits and educational sessions throughout the membership period.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Educational Programs (Annual Session and Seminars)

For educational programs, the Organization has a performance obligation to provide various seminars to its members. Participants are billed for seminars upon registration. The Organization recognizes the advance payments as a contract liability within deferred revenue and undistributed dues in the consolidated balance sheet. As the time between the start and completion of each seminar is trivially short, as a practical matter, revenue is recognized upon completion of the seminar.

Royalty Income

The Organization enters into royalty contracts with certain private agencies and is paid rates based on sales to members of the Organization. The performance obligation is satisfied when the external party completes a sale to a member of the Organization. The royalties are billed and or received upon completion of a sale. Because the royalty is sales-based, revenue is recognized at the point in time when the external party completes a sale.

Administrative Services

The Organization offers a number of administrative services that are billed to third parties on a monthly basis. The collective services provided under these contracts represent a single performance obligation, as no individual service provided is separately identifiable. Administrative service fee revenue is recognized over time, as the customers simultaneously receive and consume the benefits provided. Administrative service fee revenue is recognized as revenue for IFG services to association members within the consolidated statement of activities and changes in net assets. The Organization has elected the practical expedient to recognize revenue in the amount to which it has the right to invoice.

Commission Income

Revenue from IFG services to association members consists primarily of commissions. Commissions are billed upon the completion of the sale. Commission revenue relates to the Organization's promise to connect customers with third-party insurance carriers and is recognized at a point in time as of the effective date of the insurance coverage, or billing date, whichever is later. Contingent commissions are commissions paid by the insurance underwriters and are based on the estimated profit and/or overall volume of business placed with the underwriter. Contingent commissions are variable consideration that is constrained due to the high level of uncertainty surrounding these payments. Contingent commissions are included in the transaction price once the expected amount can be calculated.

Glove Program

Glove program revenue represents the sale of various disposable dental supplies and is billed upon the completion of the sale. Revenue and cost of products sold are recognized at a point in time upon the shipment to the customer. Glove program product cost represents the expense of various disposable dental supplies. The Glove program ended during 2019.

Deferred Revenue and Undistributed Dues

In some situations, the Organization receives cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing contract liabilities. Revenue from membership dues and program registrations is deferred and recognized as income over the period of the membership or program. The Organization collects certain dues on behalf of Michigan districts and the American Dental Association and remits these amounts collected to those organizations. Such amounts not remitted to the organizations as of year end are reported as undistributed dues.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as contributions without donor restrictions.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board for various purposes. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the notes to the consolidated financial statements. Costs have been allocated between the various programs and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Federal Income Taxes

The Association is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(6). The Foundation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Net income from activities unrelated to the Organization's tax-exempt purpose is subject to taxation. Taxes on unrelated business income are not material to the consolidated financial statements.

For taxable subsidiaries, a current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for each year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. Management continues to monitor the situation and the impact on operations. The extent of the future impact cannot be reasonably estimated at this time.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including June 16, 2021, which is the date the consolidated financial statements were available to be issued.

Note 3 - Investments

The Organization's investments at December 31, 2020 and 2019 are as follows:

	2020	2019
Money market accounts	\$ 657,265	\$ 1,594,127
Fixed-income securities	1,258,735	1,268,306
Mutual funds - Fixed-income investments	374,085	436,547
Mutual funds - Equity investments	2,376,089	1,968,376
Common stock	2,657,257	2,579,790
Government and agency securities	604,065	699,790
Corporate bonds	331,350	363,624
Other marketable securities	340,394	188,042
Total	<u>\$ 8,599,240</u>	<u>\$ 9,098,602</u>

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 4 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2020 and 2019 and the valuation techniques used by the Organization to determine those fair values. Investments included on the consolidated balance sheet at December 31, 2020 and 2019 included money market accounts of \$657,265 and \$1,594,127, respectively. Money market accounts are considered to be cash equivalents and, therefore, are not included in the tables below.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Investments				
Mutual funds:				
Equity investments	\$ 2,376,089	\$ -	\$ -	\$ 2,376,089
Fixed-income investments	374,085	-	-	374,085
Common stock	2,657,257	-	-	2,657,257
Debt securities:				
Government and agency securities	-	604,065	-	604,065
Corporate bonds	-	331,350	-	331,350
Fixed-income securities	-	1,258,735	-	1,258,735
Other equity securities	340,394	-	-	340,394
Total assets	\$ 5,747,825	\$ 2,194,150	\$ -	\$ 7,941,975

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Investments				
Mutual funds:				
Equity investments	\$ 1,968,376	\$ -	\$ -	\$ 1,968,376
Fixed-income investments	436,547	-	-	436,547
Common stock	2,579,790	-	-	2,579,790
Debt securities:				
Government and agency securities	-	699,790	-	699,790
Corporate bonds	-	363,624	-	363,624
Fixed-income securities	-	1,268,306	-	1,268,306
Other equity securities	188,042	-	-	188,042
Total assets	\$ 5,172,755	\$ 2,331,720	\$ -	\$ 7,504,475

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019	Depreciable Life - Years
Land	\$ 1,202,777	\$ 1,202,777	-
Buildings	5,281,713	5,281,713	7-40
Building improvements	108,123	108,121	3-10
Office furniture, equipment, and vehicles	1,162,608	1,156,164	3-10
Computers	132,722	127,075	2-7
Software and intangible assets	357,045	357,045	3-7
Total cost	8,244,988	8,232,895	
Accumulated depreciation	3,063,765	2,814,697	
Net property and equipment	\$ 5,181,223	\$ 5,418,198	

Depreciation and amortization expense for 2020 and 2019 was \$249,068 and \$278,969, respectively.

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 6 - Related Party Transactions

MDA Insurance & Financial Group, Inc. earned administrative service revenue totaling \$1,358,720 and \$1,456,859 for the years ended December 31, 2020 and 2019, respectively, for expenses incurred on behalf of MDA Health Plan Trust, a party related through common management, including but not limited to administration, personnel costs, rent, other expenses, communications, recordkeeping, and professional services. This revenue is included in IFG services to association members on the consolidated statement of activities and changes in net assets. At December 31, 2020 and 2019, the Organization had a receivable from MDA Health Plan Trust totaling \$950,345 and \$386,162, respectively, as well as a payable to MDA Health Plan Trust totaling \$129,802 and \$140,142, respectively.

Note 7 - Income Taxes

The components of the income tax provision included in the consolidated statement of activities and changes in net assets are all attributable to continuing operations and are detailed as follows:

	2020	2019
Current federal income tax expense	\$ 84,272	\$ 73,724
Deferred federal income tax benefit	(17,000)	(3,000)
Current Michigan income tax expense	24,909	23,508
Deferred Michigan income tax benefit	(3,000)	(6,000)
Total income tax expense	<u>\$ 89,181</u>	<u>\$ 88,232</u>

Income tax (benefit) expense is included in the IFG services to association members' expense category (see Note 15) and is included in expenses on the consolidated statement of activities and changes in net assets.

The income tax provision differs from the expense that would result from applying statutory rates to income before income taxes as a result of certain business entertainment expenses that are not deductible for tax purposes.

The details of the net deferred tax asset (liability) are as follows:

	2020	2019
Total federal deferred tax liabilities	\$ (25,000)	\$ (35,000)
Total Michigan deferred tax asset	11,000	8,000
Total federal deferred tax asset	<u>50,000</u>	<u>43,000</u>
Net deferred tax asset	<u>\$ 36,000</u>	<u>\$ 16,000</u>

Deferred tax liabilities result principally from accelerated methods of depreciation. Deferred tax assets result from accelerated methods of amortization and from recognition of expenses for financial reporting purposes that are not deductible for tax purposes until paid. Deferred tax liabilities also include amounts resulting from the implementation of the Michigan corporate income tax.

No valuation allowance has been recognized for the deferred tax assets.

Note 8 - Lines of Credit

The Organization has two unsecured lines of credit with a local bank in the amounts of \$1,000,000 and \$500,000 that renew annually and mature on demand. There were no borrowings on either line of credit at December 31, 2020 and 2019.

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 9 - Long-term Debt

Long-term debt at December 31 is as follows:

	2020	2019
Small Business Association Payroll Protection Program loan payable due in monthly installments beginning in 2021, with an effective rate of 1 percent at April 29, 2020. The note is due on April 29, 2022	\$ 504,300	\$ -
Small Business Administration (EIDL) Loan payable due in monthly installments of \$641 beginning July 6, 2021, with an interest rate of 2.75%. The note is due August 6, 2050.	150,000	-
Total	654,300	-
Less current portion	281,436	-
Long-term portion	<u>\$ 372,864</u>	<u>\$ -</u>

The balance of the above debt matures as follows:

Years Ending	Amount
2021	\$ 281,436
2022	228,144
2023	3,642
2024	3,743
2025	3,848
Thereafter	133,487
Total	<u>\$ 654,300</u>

During the year ended December 31, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$504,300. The PPP Loan program was created under the Coronavirus, Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Company may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of 2 years with interest accruing at a rate of 1 percent, with monthly payments of principal and interest beginning ten months after the conclusion of the covered period. Based on the loan amount, irrespective of any potential forgiveness that may be granted in the future, monthly principal payments would be approximately \$56,000 during the repayment period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

The Organization has not submitted a request for forgiveness as of the date the financial statements were available to be issued however, the Organization expects to submit a request for forgiveness for the entire loan balance in 2021. There can be no assurance that any portion of the PPP Loan will be forgiven.

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 10 - Retirement Plan

The Organization sponsors a 401(k) profit-sharing plan, which covers employees over age 21 who have over 1,000 hours of service annually. Employer contributions are determined annually by the Organization and are distributed among the participants' accounts based upon annual salary. Participants are deemed fully vested with respect to employer contributions after three years of service.

Retirement plan expense was \$303,137 and \$312,012 for the years ended December 31, 2020 and 2019, respectively, including administrative expenses.

Note 11 - Postemployment Benefits

The Organization sponsors a defined benefit postemployment plan for a previous executive director of the Organization. The plan provides postemployment medical and dental benefits for the life of the executive director and her spouse and covers 75 percent of total premiums paid. In determining the projected postemployment obligation for December 31, 2020 and 2019, the Organization used an estimated life expectancy of 21 years from time of retirement based on U.S. Internal Revenue Service mortality tables, an estimated annual benefit of \$13,374, and a healthcare cost trend of 7.5 percent over the remaining life expectancy of the previous executive director. The plan is unfunded.

The following table sets forth the status of the plan and other information as of and for the years ended December 31:

	2020	2019
Projected benefit obligation	\$ 149,555	\$ 161,260
Less current portion	(14,692)	(14,009)
Long-term portion	134,863	147,251
Net periodic pension	14,009	13,374
Employer contributions	11,705	12,002
Benefits paid	11,705	12,002

Note 12 - Net Assets

Board-designated net assets consist of the following as of December 31:

	2020	2019
Special assessment	\$ 283,564	\$ 85,427
Strategic project reserve fund	873,753	867,052
Emergency reserve fund	3,495,011	3,468,209
John G. Nolen scholarship fund*	27,339	25,663
George L. Bletsas scholarship fund*	37,269	34,356
MDA Insurance scholarship fund*	26,539	24,465
Genesee District fund*	30,434	31,282
Gerri Cherney fund*	19,558	18,030
Ray Gist scholarship fund*	7,769	8,084
Kinra scholarship fund	62	48
MDA Foundation endowment fund*	308,297	283,739
Total	\$ 5,109,595	\$ 4,846,355

Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 12 - Net Assets (Continued)

*Included within the board-designated endowments as disclosed in Note 13.

Net assets with donor restrictions as of December 31 are available for the following purposes:

	2020	2019
Purpose restrictions:		
Matt Uday Access to Care Fund	\$ 36,834	\$ 36,259
Meraw Scholarship Fund	229	211
Washtenaw DDS Scholarship Fund	13,865	13,516
Jeffers Scholarship Fund	36,155	34,251
Sue Carron Fund	31,801	24,522
The Restoring Smiles Fund	23,590	25,000
Find Your Dental Home Fund	4,802	4,802
Mission of Mercy Fund	91,306	94,251
Total purpose restricted net assets	238,582	232,812
Perpetually restricted	25,000	25,000
Total net assets with donor restrictions	\$ 263,582	\$ 257,812

Note 13 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments or term endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 457,205	\$ -	\$ 457,205
Donor-restricted endowment funds	-	25,000	25,000
Total	\$ 457,205	\$ 25,000	\$ 482,205
Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 425,619	\$ 25,000	\$ 450,619
Investment return	38,802	2,279	41,081
Contributions	3,500	-	3,500
Appropriation of endowment assets for expenditure	(10,716)	(2,279)	(12,995)
Endowment net assets - End of year	\$ 457,205	\$ 25,000	\$ 482,205
Endowment Net Asset Composition by Type of Fund as of December 31, 2019			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 425,619	\$ -	\$ 425,619
Donor-restricted endowment funds	-	25,000	25,000
Total	\$ 425,619	\$ 25,000	\$ 450,619
Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2019			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 360,651	\$ 23,867	\$ 384,518
Total investment return	67,544	4,470	72,014
Contributions	4,000	-	4,000
Appropriation of endowment assets for expenditure	(6,576)	(3,337)	(9,913)
Endowment net assets - End of year	\$ 425,619	\$ 25,000	\$ 450,619

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in restricted net assets. As of December 31, 2020 and 2019, there were no funds with deficiencies.

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Return Objectives and Risk Parameters

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, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner to achieve a balance between capital appreciation, preservation of capital, and current income while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of 6 to 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Each year on March 1, a distribution will be made available to the Organization from the endowment fund. Distributions are to be used only for expenses directly related to focus area(s) designated by the Foundation. The finance committee must determine if the distribution is to be accepted.

This spending rate policy shall be reviewed annually by the finance committee. The committee may adjust the spending rate percentage as it deems appropriate, but in no event shall the spending rate percentage be lower than 3 percent or higher than 5 percent of the average balance of the foundation investment portfolio over the previous 12 quarters or three years. The current approved payout rate is 3.0 percent.

Note 14 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated balance sheet date:

	2020	2019
Cash	\$ 3,478,167	\$ 2,129,100
Investments	8,599,240	9,098,602
Accounts receivable	283,204	542,039
Receivable due from affiliate	950,345	386,162
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions	263,582	257,812
Board designations	5,109,595	4,846,355
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,937,779</u>	<u>\$ 7,051,736</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 14 - Liquidity and Availability of Resources (Continued)

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,810,000 and \$1,860,000 at December 31, 2020 and 2019, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including money markets and short-term treasury instruments.

The Organization also realizes there could be unanticipated liquidity needs. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$1,500,000 (as disclosed in Note 8) that it could draw upon.

Note 15 - Functional Expenses

The consolidated statement of activities and changes in net assets reports certain categories of expense attributable to the programs and supporting functions of the Organization. Program activities include annual session, journal, board and industry issues, continuing education, public relations, membership services, building rental services, peer review, legislative operations, donated dental, mission of mercy, grant activities, scholarship activities, and other programs established to provide value to the Organization's members and the general public.

The financial statements report certain categories of expense that are attributable to one or more program or supporting functions of the Organization. These expenses include salaries, employee benefits, payroll taxes, postage, telephone, computer fees, and office supplies. These expenses are allocated to various program and supporting functions of the Organization. Salaries and employee benefits are allocated based on the underlying job role and time, and certain office expenses are allocated based on salaries and employee benefits expense. All other expenses are allocated based on direct identification and utilization.

The tables below present the functional expenses by natural classification as of December 31:

Expenses related to providing these services are as follows for year ending December 31, 2020:

	Program Expenses											Support Services			
	Journal	Board and Industry Issues	Continuing Education	Public Relations	Building Rental Services	Legislative Operations	Services to Association Members	Mission of Mercy	Grant & Scholarship Activities	Other Programs	Total Program Expenses	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 193,690	\$ 134,963	\$ 215,409	\$ 111,250	\$ 26,524	\$ 283,665	\$ 2,180,031	\$ 17,746	-	\$ 33,685	\$ 3,179,217	\$ 1,464,235	\$ -	\$ 1,464,235	\$ 4,643,452
Promotion and advocacy	-	-	38,492	732,009	-	-	131,628	-	-	-	919,875	-	36,364	36,364	956,239
Employee Benefits	53,206	53,206	62,074	35,471	16,600	53,206	479,106	-	-	26,603	779,474	336,453	-	336,453	1,115,927
Travel/meetings/meals	-	431	364	-	-	1,958	21,880	-	-	-	24,632	63,130	-	63,130	87,762
Venue Fees	-	7,352	79,249	-	-	-	1,835	-	-	11,505	99,941	-	-	-	99,941
Depreciation	-	-	-	-	190,779	-	-	-	-	-	190,779	58,289	-	58,289	249,068
Speaker Fees	-	-	39,697	-	-	-	-	-	-	4,104	43,801	1,250	-	1,250	45,051
Lobbying	-	-	-	-	-	70,270	-	-	-	-	70,270	-	-	-	70,270
Contracted Services	-	-	-	-	38,095	7,875	-	-	-	-	45,970	8,133	-	8,133	54,103
Payroll Taxes	15,062	10,423	16,636	8,592	-	21,907	159,567	-	-	2,602	234,789	106,336	-	106,336	341,125
Printing	164,786	-	2,686	-	-	-	-	-	-	-	167,472	3,489	-	3,489	170,962
Legal	2,271	8,394	-	-	-	1,778	14,864	-	-	-	27,306	20,583	-	20,583	47,889
Credit Card Processing and Bank service fees	-	-	-	-	-	-	-	-	-	-	-	150,505	-	150,505	150,505
Property and Income Taxes	-	-	-	-	95,521	-	74,806	-	-	-	170,327	94,792	-	94,792	265,119
Computer Services/Subscriptions	-	-	-	-	-	4,331	-	-	-	-	4,331	35,019	-	35,019	39,350
Other	2,221	17,372	1,808	-	-	451	10,450	20,683	-	28,910	81,894	347,794	-	347,794	429,688
Utilities	-	-	-	-	91,907	-	-	-	-	-	91,907	-	-	-	91,907
Supplies	-	2,073	-	-	3,196	-	-	-	-	-	5,269	2,365	570	2,935	8,204
Postage	24,420	5,732	6,647	3,781	1,890	5,732	9,513	-	-	2,866	60,581	51,906	-	51,906	112,487
Repairs and maintenance	3,748	3,748	4,346	2,472	38,159	3,748	6,220	-	-	1,874	64,317	86,464	-	86,464	150,782
Royalties	33,669	-	-	-	-	-	-	-	-	-	33,669	-	-	-	33,669
Consulting	-	-	-	-	-	-	2,381	-	-	-	2,381	44,753	-	44,753	47,134
Accounting and Auditing	-	-	-	-	-	-	-	-	-	-	-	62,090	-	62,090	62,090
Office Expense	6,390	2,013	4,857	1,328	2,013	5,177	2,013	-	-	-	23,791	39,074	-	39,074	62,865
Grants to other organizations	-	-	-	-	-	-	2,013	-	172,729	-	174,742	-	-	-	174,742
Scholarships to Students	-	-	-	-	-	-	-	-	14,500	-	14,500	-	-	-	14,500
Telephone	2,518	-	-	-	9,511	-	1,328	-	-	1,007	14,364	22,753	-	22,753	37,117
Insurance	-	-	-	-	14,171	-	-	-	-	-	14,171	63,759	-	63,759	77,930
Training	-	-	-	-	-	-	16,571	-	-	4,884	21,455	45,685	-	45,685	67,140
Photography	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-	46,888	46,888	2,683	-	2,683	49,571
Total	\$ 501,982	\$ 245,706	\$ 472,266	\$ 894,903	\$ 528,367	\$ 460,099	\$ 3,114,206	\$ 38,429	\$ 187,229	\$ 164,928	\$ 6,608,115	\$ 3,111,539	\$ 36,934	\$ 3,148,473	\$ 9,756,589

Expenses related to providing these services are as follows for year ending December 31, 2019:

	Program Expenses											Support Services			
	Journal	Board and Industry Issues	Continuing Education	Public Relations	Building Rental Services	Legislative Operations	Services to Association Members	Mission of Mercy	Grant & Scholarship Activities	Other Programs	Total Program Expenses	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 156,565	\$ 148,077	\$ 193,349	\$ 142,418	\$ 48,779	\$ 143,832	\$ 1,914,221	\$ -	\$ -	\$ 424,659	\$ 3,171,900	\$ 1,478,354	\$ -	\$ 1,478,354	\$ 4,650,254
Promotion and advocacy	-	-	36,194	991,522	-	1,978	217,965	1,710	-	3,745	1,253,104	-	25,246	25,246	1,278,350
Employee Benefits	35,445	33,523	43,772	32,242	5,338	32,562	450,285	-	-	124,676	757,842	340,325	-	340,325	1,098,167
Travel/meetings/meals	65	187,067	68,360	380	-	15,173	171,787	970	-	10,451	454,252	47,587	-	47,587	501,840
Venue Fees	-	61,397	312,499	-	-	-	1,000	-	-	17,890	392,786	-	23,150	23,150	415,935
Depreciation	-	-	-	-	190,765	-	-	-	-	-	190,765	79,524	-	79,524	270,289
Speaker Fees	-	5,058	182,157	-	-	2,400	2,000	-	-	8,200	199,815	1,250	-	1,250	201,065
Lobbying	-	-	-	-	-	121,475	-	-	-	-	121,475	-	-	-	121,475
Contracted Services	32,040	5,740	58,845	-	60,374	-	47,841	-	-	4,800	209,640	8,133	-	8,133	217,772
Payroll Taxes	10,857	10,268	13,407	9,876	1,635	9,974	140,919	-	-	29,447	226,383	105,241	-	105,241	331,625
Printing	141,864	-	2,564	-	-	3,931	8,996	-	-	3,385	160,741	3,489	-	3,489	164,230
Legal	3,771	45,929	-	-	-	6,826	6,216	790	-	2,864	66,396	20,879	-	20,879	87,275
Credit Card Processing and Bank service fees	-	-	-	-	-	-	-	-	-	-	-	191,757	-	191,757	191,757
Property and Income Taxes	-	-	-	-	120,037	-	74,806	-	-	-	194,843	19,613	-	19,613	214,456
Computer Services/Subscriptions	19,817	3,985	6,117	7,487	635	14,371	11,860	-	-	28,825	93,098	145,068	-	145,068	238,167
Other	3,270	6,388	1,948	-	1,689	2,200	7,635	1,260	1,179	21,867	47,437	60,658	-	60,658	108,093
Utilities	-	-	-	-	104,838	-	-	-	-	-	104,838	-	-	-	104,838
Supplies	1,205	2,584	18,510	-	5,034	-	4,224	-	-	5,864	37,422	2,261	479	2,740	40,162
Postage	41,622	1,579	2,061	1,518	251	1,533	156,315	-	-	7,898	212,778	58,628	-	58,628	271,407
Repairs and maintenance	2,116	2,001	2,613	1,925	34,379	1,944	2,891	-	-	5,740	53,610	85,360	-	85,360	138,970
Royalties	-	-	-	-	-	-	34,892	-	-	-	34,892	-	-	-	34,892
Consulting	-	-	-	78,553	-	-	6,343	-	-	-	84,896	44,753	-	44,753	129,649
Accounting and Auditing	-	-	-	-	-	-	-	-	-	-	-	52,060	-	52,060	52,060
Office Expense	2,063	1,951	2,548	1,877	2,131	1,895	2,818	-	-	6,785	22,069	75,580	-	75,580	97,649
Grants to other organizations	-	-	-	33,360	-	-	-	-	65,500	-	98,860	-	-	-	98,860
Scholarships to Students	-	-	-	-	-	-	-	-	13,500	-	13,500	-	-	-	13,500
Telephone	1,341	1,268	1,907	1,220	6,597	1,609	1,832	-	-	3,637	19,411	22,722	-	22,722	42,133
Insurance	-	870	2,540	-	8,952	-	942	-	-	-	13,304	49,668	214	49,881	63,186
Training	-	-	-	-	-	-	-	-	-	-	-	49,605	-	49,605	49,605
Photography	4,481	800	-	-	-	-	-	-	-	-	5,281	-	-	-	5,281
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	2,683	-	2,683	2,683
Total	\$ 456,524	\$ 518,486	\$ 949,383	\$ 1,302,376	\$ 591,434	\$ 361,705	\$ 3,265,788	\$ 4,730	\$ 80,179	\$ 710,732	\$ 8,241,337	\$ 2,945,200	\$ 49,088	\$ 2,994,288	\$ 11,235,625

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
Michigan Dental Association and Subsidiaries
and Michigan Dental Association Foundation

We have audited the consolidated financial statements of Michigan Dental Association and Subsidiaries and Michigan Dental Association Foundation as of and for the years ended December 31, 2020 and 2019 and have issued our report thereon dated June 16, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 and 2019 consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2020 and 2019 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 and 2019 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2020 and 2019 consolidated financial statements as a whole.

June 16, 2021

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Balance Sheet

December 31, 2020

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Assets						
Current Assets						
Cash	\$ 1,371,528	\$ 22,746	\$ 1,911,534	\$ 172,359	\$ -	\$ 3,478,167
Investments	1,641,818	1,509,618	5,447,804	-	-	8,599,240
Receivables:						
Trade	85,714	7,662	81,079	-	-	174,455
Commissions and other	108,749	-	-	-	-	108,749
Affiliates	950,345	29,381	1,500,504	-	(1,529,885)	950,345
Prepaid expenses and other current assets	38,451	27,651	96,865	-	-	162,967
Total current assets	4,196,605	1,597,058	9,037,786	172,359	(1,529,885)	13,473,923
Other Assets - Deferred tax asset	36,000	-	-	-	-	36,000
Property and Equipment - Net	130,466	-	-	5,050,757	-	5,181,223
Investment in MDA Insurance & Financial Group, Inc.	-	-	31,000	-	(31,000)	-
Total assets	<u>\$ 4,363,071</u>	<u>\$ 1,597,058</u>	<u>\$ 9,068,786</u>	<u>\$ 5,223,116</u>	<u>\$ (1,560,885)</u>	<u>\$ 18,691,146</u>

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Balance Sheet (Continued)

December 31, 2020

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable:						
Trade	\$ 20,399	\$ 5,908	\$ 122,711	\$ -	\$ (25,488)	\$ 123,530
Premiums	505,196	-	-	-	-	505,196
Affiliates	660,535	9,995	26,312	937,357	(1,504,397)	129,802
Deferred revenue and undistributed dues	-	-	2,815,852	-	-	2,815,852
Accrued expenses	205,344	-	235,220	-	-	440,564
Long term debt - current portion	279,700	-	1,736	-	-	281,436
Current portion of postemployment benefits payable	-	-	14,692	-	-	14,692
Total current liabilities	1,671,174	15,903	3,216,523	937,357	(1,529,885)	4,311,072
Long term debt -net of current portion	224,600	-	148,264	-	-	372,864
Postemployment benefits payable - Net of current portion	-	-	134,863	-	-	134,863
Total liabilities	1,895,774	15,903	3,499,650	937,357	(1,529,885)	4,818,799
Net Assets						
Net assets without donor restrictions:						
Undesignated	2,467,297	860,306	916,808	4,285,759	(31,000)	8,499,170
Board designated	-	457,267	4,652,328	-	-	5,109,595
Total net assets without donor restrictions	2,467,297	1,317,573	5,569,136	4,285,759	(31,000)	13,608,765
Net assets with donor restrictions	-	263,582	-	-	-	263,582
Total net assets	2,467,297	1,581,155	5,569,136	4,285,759	(31,000)	13,872,347
Total liabilities and net assets	<u>\$ 4,363,071</u>	<u>\$ 1,597,058</u>	<u>\$ 9,068,786</u>	<u>\$ 5,223,116</u>	<u>\$ (1,560,885)</u>	<u>\$ 18,691,146</u>

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Balance Sheet

December 31, 2019

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Assets						
Current Assets						
Cash	\$ 1,493,770	\$ (10,450)	\$ 462,570	\$ 183,210	\$ -	\$ 2,129,100
Investments	1,346,332	1,502,916	6,249,354	-	-	9,098,602
Receivables:						
Trade	56,868	8,650	138,531	-	-	204,049
Commissions and other	337,990	-	-	-	-	337,990
Affiliates	386,162	54,930	1,450,283	-	(1,505,213)	386,162
Prepaid expenses and other current assets	51,618	27,651	139,024	-	(3,000)	215,293
Total current assets	3,672,740	1,583,697	8,439,762	183,210	(1,508,213)	12,371,196
Other Assets - Deferred tax asset	16,000	-	-	-	-	16,000
Property and Equipment - Net	182,311	-	-	5,235,887	-	5,418,198
Investment in MDA Insurance & Financial Group, Inc.	-	-	31,000	-	(31,000)	-
Total assets	<u>\$ 3,871,051</u>	<u>\$ 1,583,697</u>	<u>\$ 8,470,762</u>	<u>\$ 5,419,097</u>	<u>\$ (1,539,213)</u>	<u>\$ 17,805,394</u>

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Balance Sheet (Continued)

December 31, 2019

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable:						
Trade	\$ 55,027	\$ 4,100	\$ 167,167	\$ -	\$ 1	\$ 226,295
Premiums	589,990	-	-	-	-	589,990
Affiliates	429,178	26,290	54,931	1,134,957	(1,505,214)	140,142
Deferred revenue and undistributed dues	-	-	2,601,232	-	(3,000)	2,598,232
Accrued expenses	221,734	-	216,531	-	-	438,265
Current portion of postemployment benefits payable	-	-	14,009	-	-	14,009
Total current liabilities	1,295,929	30,390	3,053,870	1,134,957	(1,508,213)	4,006,933
Postemployment benefits payable - Net of current portion	-	-	147,251	-	-	147,251
Total liabilities	1,295,929	30,390	3,201,121	1,134,957	(1,508,213)	4,154,184
Net Assets						
Net assets without donor restrictions:						
Undesignated	2,575,122	869,829	848,952	4,284,140	(31,000)	8,547,043
Board designated	-	425,666	4,420,689	-	-	4,846,355
Total net assets without donor restrictions	2,575,122	1,295,495	5,269,641	4,284,140	(31,000)	13,393,398
Net assets with donor restrictions	-	257,812	-	-	-	257,812
Total net assets	2,575,122	1,553,307	5,269,641	4,284,140	(31,000)	13,651,210
Total liabilities and net assets	<u>\$ 3,871,051</u>	<u>\$ 1,583,697</u>	<u>\$ 8,470,762</u>	<u>\$ 5,419,097</u>	<u>\$ (1,539,213)</u>	<u>\$ 17,805,394</u>

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Changes in Net Assets without Donor Restrictions						
Revenue, gains, and other support:						
Membership dues - Net of payments to American Dental Association and district societies	\$ -	\$ -	\$ 2,731,033	\$ -	\$ -	\$ 2,731,033
Annual session	-	-	22,944	-	-	22,944
Journal	-	-	294,612	-	(56,400)	238,212
Seminars	-	-	90,347	-	-	90,347
Administrative services revenue	-	-	542,770	-	(542,770)	-
Royalty income	-	-	343,637	-	-	343,637
Sponsor fee	-	-	382,613	-	-	382,613
Glove program - Net of cost of products sold of 0 and \$1,171,261 at December 31, 2020 and 2019, respectively	190	-	-	-	-	190
IFG services to association members	4,851,733	-	-	-	-	4,851,733
Contributions	10,000	230,750	-	-	-	240,750
Other income	-	-	370,461	-	-	370,461
MDA IFG sponsorships	-	-	208,185	-	(208,185)	-
Dividend income - MDA IFG	(383,000)	-	383,000	-	-	-
Rental income	-	-	-	512,759	(512,259)	500
Investment income - Net	-	8,258	63,193	-	-	71,451
Net assets released from restrictions	-	131,548	-	-	-	131,548
Total revenue, gains, and other support	4,478,923	370,556	5,432,795	512,759	(1,319,614)	9,475,419
Expenses:						
Administration	-	-	2,240,864	-	(337,059)	1,903,805
Annual session	-	-	167,337	-	-	167,337
General Fund	-	-	304,127	-	-	304,127
Journal	-	-	470,988	-	-	470,988
Board of directors	-	-	234,324	-	-	234,324
P.M. seminars	-	-	196,733	-	-	196,733
Legislative operations	-	-	388,046	-	-	388,046
Public relations	-	-	168,816	-	-	168,816
Membership	-	-	279,496	-	-	279,496
Peer review	-	-	196,735	-	-	196,735
Donated dental	-	-	139,789	-	-	139,789
Special assessment	-	-	732,009	-	-	732,009
IFG services to association members	4,586,748	-	-	-	(784,435)	3,802,313
Foundation activities	-	458,459	-	-	(198,120)	260,339
Building expenses	-	-	-	511,140	-	511,140
Total expenses	4,586,748	458,459	5,519,264	511,140	(1,319,614)	9,755,997

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Statement of Activities and Changes in Net Assets (Continued)

Year Ended December 31, 2020

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Unallocated expenses:						
Interest expense	\$ -	\$ -	\$ 592	\$ -	\$ -	\$ 592
Total unallocated expenses	-	-	592	-	-	592
Increase (Decrease) in Net Assets without Donor Restrictions - Before other items	(107,825)	(87,903)	(87,061)	1,619	-	(281,170)
Other Items - Net realized/unrealized gain on investments	-	109,981	386,556	-	-	496,537
Increase (Decrease) in Net Assets without Donor Restrictions	(107,825)	22,078	299,495	1,619	-	215,367
Changes in Net Assets with Donor Restrictions						
Contributions	-	123,856	-	-	-	123,856
Investment income - Net	-	13,462	-	-	-	13,462
Net assets released from restrictions	-	(131,548)	-	-	-	(131,548)
Increase in Net Assets with Donor Restrictions	-	5,770	-	-	-	5,770
Increase (Decrease) in Net Assets	(107,825)	27,848	299,495	1,619	-	221,137
Net Assets - Beginning of year	2,575,122	1,553,307	5,269,641	4,284,140	(31,000)	13,651,210
Net Assets - End of year	\$ 2,467,297	\$ 1,581,155	\$ 5,569,136	\$ 4,285,759	\$ (31,000)	\$ 13,872,347

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Changes in Net Assets without Donor Restrictions						
Revenue, gains, and other support:						
Membership dues - Net of payments to American Dental Association and district societies	\$ -	\$ -	\$ 2,766,968	\$ -	\$ -	\$ 2,766,968
Annual session	-	-	834,657	-	(4,300)	830,357
Journal	-	-	321,149	-	(54,590)	266,559
Seminars	-	-	198,201	-	-	198,201
Administrative services revenue	-	-	555,973	-	(555,973)	-
Royalty income	-	-	527,164	-	-	527,164
Sponsor fee	-	-	402,294	-	-	402,294
Glove program - Net of cost of products sold of \$1,624,840 and \$3,876,128 at December 31, 2019 and 2018, respectively	453,579	-	-	-	-	453,579
IFG services to association members	4,700,993	-	-	-	-	4,700,993
Contributions	-	220,466	-	-	(9,500)	210,966
Other income	-	-	435,031	-	-	435,031
MDA IFG sponsorships	-	-	181,160	-	(181,160)	-
Dividend Income - MDA IFG	(50,000)	-	50,000	-	-	-
Rental income	-	-	-	511,359	(510,409)	950
Investment income - Net	-	9,556	90,155	-	-	99,711
Net assets released from restrictions	-	13,604	-	-	-	13,604
Total revenue, gains, other support, and net assets released from restrictions	5,104,572	243,626	6,362,752	511,359	(1,315,932)	10,906,377
Expenses:						
Administration	-	-	2,041,349	-	(303,204)	1,738,145
Annual session	-	-	672,261	-	-	672,261
General Fund	-	-	356,384	-	(5,000)	351,384
Journal	-	-	488,626	-	(33,855)	454,771
Board of directors	-	-	499,132	-	-	499,132
P.M. seminars	-	-	251,586	-	-	251,586
Legislative operations	-	-	464,535	-	-	464,535
Public relations	-	-	185,607	-	-	185,607
Membership	-	-	339,369	-	-	339,369
Peer review	-	-	268,656	-	-	268,656
Donated dental	-	-	152,333	-	-	152,333
Special assessment	-	-	995,700	-	-	995,700
IFG services to association members	4,916,574	-	-	-	(787,572)	4,129,002
Foundation activities	-	360,281	-	-	(186,301)	173,980
Building expenses	-	-	-	559,164	-	559,164

**Michigan Dental Association and Subsidiaries and
Michigan Dental Association Foundation**

Consolidating Statement of Activities and Changes in Net Assets (Continued)

Year Ended December 31, 2019

	MDA Insurance & Financial Group, Inc.	Michigan Dental Association Foundation	Michigan Dental Association	MDA HQ, LLC	Eliminating Entries	Total
Total	\$ 4,916,574	\$ 360,281	\$ 6,715,538	\$ 559,164	\$ (1,315,932)	\$ 11,235,625
Increase (Decrease) in Net Assets without Donor Restrictions - Before other items	187,998	(116,655)	(352,786)	(47,805)	-	(329,248)
Other Items -	-	215,114	781,274	-	-	996,388
Net realized/unrealized loss on investments	-	215,114	781,274	-	-	996,388
Changes in Net Assets with Donor Restrictions						
Contributions	-	61,780	-	-	-	61,780
Investment loss - Net	-	20,184	-	-	-	20,184
Net assets released from restrictions	-	(13,604)	-	-	-	(13,604)
Decrease in Net Assets with Donor Restrictions	-	68,360	-	-	-	68,360
Increase (Decrease) in Net Assets	187,998	166,819	428,488	(47,805)	-	735,500
Net Assets - Beginning of year	2,387,124	1,386,488	4,841,153	4,331,945	(31,000)	12,915,710
Net Assets - End of year	<u>\$ 2,575,122</u>	<u>\$ 1,553,307</u>	<u>\$ 5,269,641</u>	<u>\$ 4,284,140</u>	<u>\$ (31,000)</u>	<u>\$ 13,651,210</u>