



AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022





AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
American Association of Endodontists Foundation

Opinion

We have audited the accompanying financial statements of the American Association of Endodontists Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the American Association of Endodontists Foundation as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the American Association of Endodontists Foundation 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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.

CaliberCPAGroup, PLLC

Chicago, IL
April 3, 2023



AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 499,798	\$ 740,500
Accounts receivable	-	1,149
Prepaid expenses	-	3,430
Pledges receivable, net	1,406,801	1,377,172
Investments	30,691,885	39,051,873
Property and equipment, net	<u>20,469</u>	<u>27,637</u>
Total assets	<u>\$ 32,618,953</u>	<u>\$ 41,201,761</u>
Liabilities		
Accounts payable and accrued expenses	\$ 62,921	\$ 57,259
Due to American Association of Endodontists	30,637	34,885
Grants payable	<u>18,511</u>	<u>110,324</u>
Total liabilities	<u>112,069</u>	<u>202,468</u>
Net assets		
Without donor restrictions	31,095,819	39,601,689
With temporary donor restrictions	<u>1,411,065</u>	<u>1,397,604</u>
Total net assets	<u>32,506,884</u>	<u>40,999,293</u>
Total liabilities and net assets	<u>\$ 32,618,953</u>	<u>\$ 41,201,761</u>

See accompanying notes to financial statements.

AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and other support			
Contributions	\$ 342,989	\$ 760,120	\$ 1,103,109
Net investment income budgeted for operations	<u>1,641,000</u>	<u>-</u>	<u>1,641,000</u>
	1,983,989	760,120	2,744,109
Loss on uncollectible pledges	-	(211,155)	(211,155)
Net assets released from restrictions	<u>535,504</u>	<u>(535,504)</u>	<u>-</u>
Total operating revenue and other support	<u>2,519,493</u>	<u>13,461</u>	<u>2,532,954</u>
Expenses			
Administrative reimbursement - American Association of Endodontists	654,464	-	654,464
Annual Session	17,432	-	17,432
Bank fees and credit card charges	12,172	-	12,172
Depreciation	7,168	-	7,168
Grants			
Education	626,499	-	626,499
Research	196,426	-	196,426
Access to Care	51,261	-	51,261
Other	150,000	-	150,000
Insurance	3,430	-	3,430
Meetings	27,002	-	27,002
Miscellaneous	6,412	-	6,412
Printing, postage, and marketing	45,829	-	45,829
Professional fees	103,305	-	103,305
Supplies	1,412	-	1,412
Travel	<u>127,521</u>	<u>-</u>	<u>127,521</u>
Total expenses	<u>2,030,333</u>	<u>-</u>	<u>2,030,333</u>
Excess of operating revenue and other support over expenses	489,160	13,461	502,621
Net investment loss	(7,354,030)	-	(7,354,030)
Less amount budgeted for operations	<u>(1,641,000)</u>	<u>-</u>	<u>(1,641,000)</u>
Change in net assets	(8,505,870)	13,461	(8,492,409)
Net assets			
Beginning of year	<u>39,601,689</u>	<u>1,397,604</u>	<u>40,999,293</u>
End of year	<u>\$ 31,095,819</u>	<u>\$ 1,411,065</u>	<u>\$ 32,506,884</u>

See accompanying notes to financial statements.

AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and other support			
Contributions	\$ 453,587	\$ 379,891	\$ 833,478
COVID Relief Funding	111,499	-	111,499
Net investment income budgeted for operations	<u>1,540,210</u>	<u>-</u>	<u>1,540,210</u>
	2,105,296	379,891	2,485,187
Loss on uncollectible pledges	-	(250,394)	(250,394)
Net assets released from restrictions	<u>381,184</u>	<u>(381,184)</u>	<u>-</u>
Total operating revenue and other support	<u>2,486,480</u>	<u>(251,687)</u>	<u>2,234,793</u>
Expenses			
Administrative reimbursement - American Association of Endodontists	580,804	-	580,804
Annual Session	20,249	-	20,249
Bank fees and credit card charges	12,049	-	12,049
Depreciation	6,015	-	6,015
Grants			
Education	448,328	-	448,328
Research	85,930	-	85,930
Access to Care	41,461	-	41,461
Other	150,000	-	150,000
Insurance	6,518	-	6,518
Meetings	35,582	-	35,582
Miscellaneous	1,527	-	1,527
Printing, postage, and marketing	24,890	-	24,890
Professional fees	87,636	-	87,636
Supplies	365	-	365
Travel	<u>57,484</u>	<u>-</u>	<u>57,484</u>
Total expenses	<u>1,558,838</u>	<u>-</u>	<u>1,558,838</u>
Excess (deficiency) of operating revenue and other support over expenses	927,642	(251,687)	675,955
Net investment income	4,378,577	-	4,378,577
Less amount budgeted for operations	<u>(1,540,210)</u>	<u>-</u>	<u>(1,540,210)</u>
Change in net assets	3,766,009	(251,687)	3,514,322
Net assets			
Beginning of year	<u>35,835,680</u>	<u>1,649,291</u>	<u>37,484,971</u>
End of year	<u>\$ 39,601,689</u>	<u>\$ 1,397,604</u>	<u>\$ 40,999,293</u>

See accompanying notes to financial statements.



AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Grant Programs	Administration	Fundraising	Total
Annual Session	\$ -	\$ -	\$ 17,432	\$ 17,432
Bank fees and credit card charges	-	12,172	-	12,172
Depreciation	1,918	2,177	3,073	7,168
Grants	1,024,186	-	-	1,024,186
Insurance	-	3,430	-	3,430
Meetings	1,631	25,297	74	27,002
Miscellaneous	1,075	5,337	-	6,412
Printing, postage, and marketing	960	13,221	31,648	45,829
Professional services	5,029	80,454	17,822	103,305
Supplies	-	1,412	-	1,412
Travel	21,556	94,398	11,567	127,521
Total before allocation of administrative reimbursement	1,056,355	237,898	81,616	1,375,869
Allocation of administrative reimbursement				
Management fees	25,118	28,497	40,237	93,852
Pass through costs	150,039	170,223	240,350	560,612
Total expenses	\$ 1,231,512	\$ 436,618	\$ 362,203	\$ 2,030,333

See accompanying notes to financial statements.

AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Grant Programs	Administration	Fundraising	Total
Annual Session	\$ -	\$ -	\$ 20,249	\$ 20,249
Bank fees and credit card charges	-	12,049	-	12,049
Depreciation	-	1,495	4,520	6,015
Grants	725,719	-	-	725,719
Insurance	-	6,518	-	6,518
Meetings	-	35,582	-	35,582
Miscellaneous	345	1,182	-	1,527
Printing, postage, and marketing	1,805	1,488	21,597	24,890
Professional services	1,821	73,803	12,012	87,636
Supplies	-	365	-	365
Travel	2,465	51,776	3,243	57,484
Total before allocation of administrative reimbursement	732,155	184,258	61,621	978,034
Allocation of administrative reimbursement	149,595	171,948	259,261	580,804
Total expenses	\$ 881,750	\$ 356,206	\$ 320,882	\$ 1,558,838

See accompanying notes to financial statements.



AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Contributions received	\$ 862,325	\$ 941,048
Investment income received	1,010,753	731,056
Payments to vendors, suppliers, and grantees	<u>(2,168,137)</u>	<u>(1,516,359)</u>
Net cash provided by (used for) operating activities	<u>(295,059)</u>	<u>155,745</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(14,169)
Purchases of investments	(4,681,435)	(41,614,999)
Proceeds from sales of investments	<u>4,735,792</u>	<u>41,992,823</u>
Net cash provided by (used for) investing activities	<u>54,357</u>	<u>363,655</u>
Net change in cash and cash equivalents	(240,702)	519,400
Cash and cash equivalents		
Beginning of year	<u>740,500</u>	<u>221,100</u>
End of year	<u>\$ 499,798</u>	<u>\$ 740,500</u>

See accompanying notes to financial statements.



AMERICAN ASSOCIATION OF ENDODONTISTS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. THE ORGANIZATION

The American Association of Endodontists Foundation (the Foundation), located in Chicago, Illinois, seeks to improve oral health by securing contributions, shepherding resources, and sharing grant funds that support research, generate new knowledge, and enhance endodontic education.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board Accounting Standards Codification, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Foundation is required to report 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. Accordingly, net assets and changes therein are classified as follows:

Net Assets with Perpetual Donor Restrictions - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes. The Foundation currently has no net assets with perpetual donor restrictions.

Net Assets with Temporary Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation or the passage of time.

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Contribution revenue is reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment earnings, and gains and losses on investments and other assets or liabilities, are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with temporary donor restrictions (i.e., the donor-imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, including unconditional promises to give, are recognized as revenues in the period the donor makes the promise to the Foundation. When a donor award includes both a barrier and either a right of return of assets to the resource provider or a right of release from obligation by the resource provider, the contribution is considered to be conditional. Amounts received under conditional transfers are reported as a liability (refundable advance) and recognized as contribution revenue only when the conditions are met. Contributions of assets other than cash are reported at their estimated fair value when received.

Cash and Cash Equivalents - Cash and cash equivalents include amounts held in checking and money market accounts, and short-term, highly-liquid investments that are readily convertible to known amounts of cash, and so near their maturity that the risk of change in value is negligible.

Investment Valuation and Income Recognition - Investments consist of amounts held in cash, money market mutual funds, fixed income and equity mutual/exchange-traded funds, and real estate mutual funds, all of which are reported at fair value, generally as determined by published market prices. Income earned is derived from interest, dividends and changes in fair value. Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains (losses) arising from sales of securities are included in investment income. Investment income is reported in the statements of activities net of all external and direct internal investment expenses.

Property and Equipment - Property and equipment consists of computer software and office furniture and is capitalized at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally five years for software and equipment, and seven years for furniture.

Grants - Grants are recognized when approved by the Board of Trustees and conditions of funding grants have been met.

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities of the Foundation have been summarized on a functional basis in the statements of functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. The portion of the administrative fee representing salaries and related fringe benefits is allocated based on employee time and effort studies. The portion of the administrative fee representing common costs such as occupancy, depreciation and related infrastructure costs is also allocated based on employee time and effort studies.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The preparation of financial statements in accordance 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 the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates used in the preparation of these financial statements include the fair value of investments, the present value of pledge contributions receivable, and the allowance for doubtful pledge contributions receivable. The ultimate realization of the investments and pledge contributions receivable is based upon future economic factors. It is at least reasonably possible that the reported amounts or related disclosures could significantly change in the near future as new information becomes available.

Reclassification - Certain amounts previously reported for the year ended December 31, 2021 were reclassified to conform with the 2022 presentation.

NOTE 3. TAX STATUS

The Foundation is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from income taxes, except to the extent of any unrelated business income. There was no unrelated business income for the years ended December 31, 2022 and 2021. The Foundation is not a private foundation within the meaning of Section 509(a) of the IRC. The Foundation's tax returns for 2019, 2020, and 2021 are open to examination.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation's investments are held in a portfolio designed to maximize long-term earnings with acceptable risk to investment principal. The Foundation's Board of Trustees (the Board) has established an investment spending policy to fund operations. The Foundation budgets for an annual maximum appropriation of 5% of the average fair market value of the investment ending balance for a rolling 3-year period. However, in the event of unanticipated liquidity needs, the Foundation's Board could make available all or a portion of total investments.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)

The following table represents the Foundation's financial assets available to meet cash needs for general expenditures within one year of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Total assets at end of year	\$ 32,618,953	\$ 41,201,761
Less nonfinancial assets		
Prepaid expenses	-	(3,430)
Net property and equipment	<u>(20,469)</u>	<u>(27,637)</u>
Total financial assets at end of year	32,598,484	41,170,694
Less amounts unavailable for current general expenditures		
Investments, net of amount approved for expenditure	(28,976,885)	(37,448,762)
Net contributions receivable due in more than one year	<u>(1,166,016)</u>	<u>(927,912)</u>
Total financial assets available for general expenditures within one year	<u>\$ 2,455,583</u>	<u>\$ 2,794,020</u>

NOTE 5. INVESTMENTS

The carrying value of investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and money market mutual funds	\$ 1,528,520	\$ -
Other mutual funds		
Fixed income	7,811,471	11,520,266
Equity - domestic	13,936,061	15,643,274
Equity - international	5,979,450	9,756,820
Real estate	<u>1,436,383</u>	<u>2,131,513</u>
	<u>\$ 30,691,885</u>	<u>\$ 39,051,873</u>

Net investment income consisted of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest, dividends, and capital gain distributions	\$ 1,010,753	\$ 731,056
Realized gain (loss) on investments sold	(1,061,680)	9,020,128
Unrealized loss on investments held	(7,243,951)	(5,278,910)
Investment fees	<u>(59,152)</u>	<u>(93,697)</u>
	<u>\$ (7,354,030)</u>	<u>\$ 4,378,577</u>

NOTE 6. FAIR VALUE MEASUREMENTS

Accounting standards provide the framework for measuring fair value which 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 (Level 1) and the lowest priority to unobservable inputs (Level 3).

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

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - inputs to the valuation methodology include the following:

- 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; and
- 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 (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.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Investments measured at fair value as of December 31, 2022, are summarized in the following table by the type of inputs applicable to the fair value measurements:

	2022			
	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 1,528,520	\$ 1,528,520	\$ -	\$ -
Fixed income mutual funds	7,811,471	7,811,471	-	-
Equity mutual funds - domestic	13,936,061	13,936,061	-	-
Equity mutual funds - international	5,979,450	5,979,450	-	-
Real estate mutual funds	1,436,383	1,436,383	-	-
	<u>\$ 30,691,885</u>	<u>\$ 30,691,885</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Investments measured at fair value as of December 31, 2021, are summarized in the following table by the type of inputs applicable to the fair value measurements:

	2021			
	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income mutual funds	\$ 11,520,266	\$ 11,520,266	\$ -	\$ -
Equity mutual funds - domestic	15,643,274	15,643,274	-	-
Equity mutual funds - international	9,756,820	9,756,820	-	-
Real estate mutual funds	<u>2,131,513</u>	<u>2,131,513</u>	-	-
	<u>\$ 39,051,873</u>	<u>\$ 39,051,873</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2022	2021
Computer software	\$ 52,239	\$ 52,239
Furniture and equipment	<u>23,950</u>	<u>23,950</u>
	76,189	76,189
Less: accumulated depreciation	<u>(55,720)</u>	<u>(48,552)</u>
	<u>\$ 20,469</u>	<u>\$ 27,637</u>

NOTE 8. PLEDGES RECEIVABLE

Pledges receivable are generally due within five years. Upon receipt of the pledge from the donor, the pledge is recorded at fair value, which is the portion of the face amount expected to be received at the inception of the pledge less a discount for the net present value of expected future cash flows. Discount rates are generally based on comparable five-year U.S. Treasury market rates and ranged 1.37% - 4.45% for 2022 and 0.45% - 1.23% for 2021. An allowance has also been established for the carrying value of pledges when collection is uncertain. Management evaluates the collectability of pledges receivable based on the age of the pledge and the donor's payment history.

NOTE 8. PLEDGES RECEIVABLE (CONTINUED)

The net balance of pledges receivable at December 31, 2022 is summarized as follows:

	<u>Individual</u>	<u>Corporate</u>	<u>Total</u>
Unconditional promise to give	\$ 1,670,184	\$ 1,041,393	\$ 2,711,577
Less: discount to present value	(53,005)	(35,260)	(88,265)
Less: allowance for uncollectible pledges	<u>(1,216,511)</u>	<u>-</u>	<u>(1,216,511)</u>
	<u>\$ 400,668</u>	<u>\$ 1,006,133</u>	<u>\$ 1,406,801</u>

The net balance of pledges receivable at December 31, 2021 is summarized as follows:

	<u>Individual</u>	<u>Corporate</u>	<u>Total</u>
Unconditional promise to give	\$ 2,561,879	\$ 852,583	\$ 3,414,462
Less: discount to present value	(49,642)	(34,647)	(84,289)
Less: allowance for uncollectible pledges	<u>(1,953,001)</u>	<u>-</u>	<u>(1,953,001)</u>
	<u>\$ 559,236</u>	<u>\$ 817,936</u>	<u>\$ 1,377,172</u>

The gross amounts of pledges receivable as of December 31, 2022 are due to be received as follows:

	<u>Individual</u>	<u>Corporate</u>	<u>Total</u>
Less than one year	\$ 274,651	\$ 166,181	\$ 440,832
Two to five years	1,362,383	875,212	2,237,595
More than five years	<u>33,150</u>	<u>-</u>	<u>33,150</u>
	<u>\$ 1,670,184</u>	<u>\$ 1,041,393</u>	<u>\$ 2,711,577</u>

NOTE 9. GRANTS PAYABLE

The liability to third parties for unconditional promises to give for the Foundation's fellowship program and research grants was \$18,511 at December 31, 2022 and \$110,324 at December 31, 2021. All amounts are due within one year. In the event a beneficiary of a grant does not fulfill grant requirements after the grant has been funded, the grant proceeds are to be returned to the Foundation with penalties and interest. There were no such returned funds in 2022 or 2021.

The Foundation issued a multi-year Research Fellowship grant to help develop a pipeline for junior faculty in endodontics who will become impactful, independent investigators that are advancing science in the field of endodontics. The grant contains measurable performance obligations and a right of release on the part of the Foundation in the event sufficient progress is not made on the project. The grant is considered conditional and will not be recognized in expense until the conditions are met. As of December 31, 2022, the total amount promised for future periods is \$100,000.



NOTE 9. GRANTS PAYABLE (CONTINUED)

The Foundation has also awarded multi-year fellowship grants to individuals that are conditioned on the individuals maintaining their academic positions and which give the Foundation a right of release from obligation. The amount of conditional fellowship grants promised in future periods totals \$700,000 as of December 31, 2022.

NOTE 10. NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS

Nets assets with temporary donor restrictions consist of pledges receivable subject only to time restrictions, and the unexpended portion of a grant award that is restricted for the purpose of medical outreach to Jamaica. Amounts restricted as of year-end as well as net assets released from restrictions during the year are as follows.

	<u>2022</u>	<u>2021</u>
Net assets subject to temporary donor restrictions		
Time-restricted only	\$ 1,392,456	\$ 1,368,950
For use in Jamaica outreach	<u>18,609</u>	<u>28,654</u>
	<u>\$ 1,411,065</u>	<u>\$ 1,397,604</u>
Net assets released from restrictions		
Time-restricted only	\$ 525,459	\$ 381,184
For use in Jamaica outreach	<u>10,045</u>	<u>-</u>
	<u>\$ 535,504</u>	<u>\$ 381,184</u>

NOTE 11. RELATED PARTY TRANSACTIONS

The Foundation is affiliated with the American Association of Endodontists (AAE). Certain administrative expenses such as salaries, fringe benefits, occupancy, and other general expenses incurred by the Foundation are paid by AAE. The Foundation fully reimburses AAE for these costs. AAE also collects contributions and pays certain other expenses on behalf of the Foundation. The Foundation reimbursed AAE \$654,464 and \$580,804 for administrative costs, salaries and fringe benefit costs of AAE employees providing services to the Foundation in 2022 and 2021, respectively.

NOTE 12. CONCENTRATION OF CREDIT RISK

Cash and cash equivalents invested in money market accounts held by the Foundation are subject to the risk that funds may not be fully insured by the brokerage firm. Management believes this credit risk to be minimal at this time.



NOTE 13. COVID RELIEF FUNDING

In February 2021, AAE received a loan in the amount of approximately \$699,000 under the Payroll Protection Program (PPP) established as part of the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (the Act). PPP Loans and accrued interest are forgivable after a covered period (eight or 24 weeks), as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent and utilities. AAE also applied for and received an Employee Retention Tax Credit of approximately \$231,000, originally made available under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

AAE applied for and received total forgiveness of its PPP loan. Since AAE shares staff and facilities with the Foundation, a portion of the PPP loan forgiveness and Employee Retention Tax Credit were passed through to the Foundation, in the amounts of \$79,999 and \$31,500, respectively. The total of these two amounts is included with operating revenue and other support in the accompanying statement of activities for the year ended December 31, 2021.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 3, 2023, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to, or disclosure in, the accompanying financial statements.