

**Dental Patient Care America, Inc.**  
**Consolidated Balance Sheet**  
**December 31, 2023 and 2022**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 2,023,967	\$ 1,116,354
Cash held in controlled accounts	29	29
Accounts Receivable	214,980	325,118
Prepays and other assets	-	-
Total current assets	2,238,976	1,441,501
Property and equipment, net	4,297	5,997
ROU Lease Assets	-	16,204
Other assets	500	500
Total Assets	\$ 2,243,773	\$ 1,464,202
Current liabilities:		
Accounts payable	21,533	\$ 117,022
Credit card payable	27,001	12,190
Accrued payroll liabilities	290,816	290,816
S/T Portion of lease liabilities	-	16,204
Accrued expenses	-	-
Unearned Revenue	1,461,902	588,315
Sales tax payable	849	6,957
Total current liabilities	1,802,101	1,031,504
Long-term liabilities:		
Long-term notes payable	-	-
L/T Portion of lease liabilities	-	-
Total long-term liabilities	-	-
Total liabilities	1,802,101	1,031,504
Common stock & Contributed Capital	1,314,791	1,314,791
Accumulated deficit	(873,119)	(882,093)
Total stockholders deficit	441,672	432,698
Total liabilities and stockholders deficit	\$ 2,243,773	\$ 1,464,202

**Dental Patient Care America, Inc.**  
**Consolidated Statement of Operations**  
**Year ended December 31, 2023 and 2022**

	2023	2022
Cooperative member revenues	\$ 1,643,258	\$ 1,427,372
ERC Processing Services, (Net of Reserves)	\$ 1,309,606	\$ 882,473
Other revenues	293,139	301,351
Total revenues	3,246,003	2,611,196
 Costs and Expenses:		
General and administrative expenses	3,277,560	2,359,368
Total costs and expenses	3,277,560	2,359,368
Income from operations	(31,557)	251,828
 Other income (expense):		
Interest Income	34,250	143
Interest Expense	(2,196)	(4,529)
Gain on Extinguishment of Debt	-	237,500
Other Non-Operational Income/(Expense)	8,477	271,834
Net other expense	40,531	504,948
Income/(Loss) from continued operations	8,974	756,776
Net Income/(Loss)	\$ 8,974	\$ 756,776

**Dental Patient Care America, Inc.**  
**Consolidated Statement of Stockholder's Equity**  
**Year ended December 31, 2023 and 2022**

	Preferred Stock		Common Stock		Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount		
Balance at December 31, 2021	-	\$ -	24,105,699	\$ 1,314,791	\$ (1,638,869)	\$ (324,078)
Net Income	-	-	-	-	756,776	756,776
Balance at December 31, 2022	-	-	24,105,699	1,314,791	(882,093)	432,698
Net Income	-	-	-	-	8,974	8,974
Balance at December 31, 2023	-	\$ -	24,105,699	\$ 1,314,791	\$ (873,119)	\$ 441,672

**Dental Patient Care America, Inc.**  
**Consolidated Statement of Cash Flows**  
**Year ended December 31, 2023 and 2022**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Net Income / (loss)	\$ 8,974	\$ 756,776
<b>Adjustments to reconcile Net Income to net cash provided by operations:</b>		
Depreciation expense	1,700	2,584
Decrease (increase) in:		
Accounts receivable	110,138	(323,538)
Prepaid expenses	-	916
Increase (Decrease) in:		
Accounts Payable	(95,489)	110,992
Loans Payable	-	-
Credit Cards Payable	14,811	444
Lease Liability	(16,204)	(49,364)
Unearned Revenue	873,587	588,315
Sales taxes payable	(6,108)	5,277
Net cash provided/(used) by Operating Activities	\$ 891,409	\$ 1,092,402
<b>INVESTING ACTIVITIES</b>		
Purchase of Property & Equipment	-	(1,630)
ROU Asset	16,204	49,365
Net cash provided (used) by Investing Activities	\$ 16,204	\$ 47,735
<b>FINANCING ACTIVITIES</b>		
Forgiveness of L/T PPP note payable	-	(237,500)
ROU - Lease liability	-	-
Net cash provided (used) by financing activities	-	(237,500)
Net cash increase (decrease) for the period	907,613	902,637
Cash at the beginning of the period	\$ 1,116,383	\$ 213,746
Cash at the end of the period	\$ 2,023,996	\$ 1,116,383

# Dental Patient Care America, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 1. Summary of Significant Accounting Policies

#### Organization and Nature of Business

Dental Patient Care America, Inc. (the Company) was organized in 1998 for the purpose of organizing dentists into a cooperative model of contractually networked practices, allowing member dentists to access a variety of benefits. These benefits include programs to purchase supplies, laboratory and other operating services, insurance and employee benefits programs, opportunities for profit sharing through this business model, and more recently to offer preferential business and dental practice transition funding opportunities to our members. Various dental patient marketing programs are also provided, such as the organization of its member dentists into a network.

The Company had the following subsidiaries at December 31, 2023, Dental Cooperative and ERC Dental Associates, LLC.

As of December 31, 2023 and 2022, over 750 independent dentists have enrolled their dental practices as participating Associate members of the Company's cooperative model. This model is referred to as the "Dental Cooperative", which name, the Company has legally trademarked. The Company's member dentists pay a monthly membership fee to access the Company's member benefits. Dentist membership in the Company continues to grow with member dental practices in 2023 and 2022 located in nine states, Utah, Washington, Idaho, Wyoming, Oregon, Nevada, New Mexico, Texas, and Pennsylvania.

#### Cash and Cash Equivalents

The Company considers cash and cash equivalents to represent all cleared deposits less drafts presented for payment at the bank. Under this policy, all deposits in transit are reflected as accounts receivable and outstanding drafts are reflected as accounts payable in the accompanying financial statements.

#### Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

#### Property and Equipment

Property and equipment are recorded at cost. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from two to seven years. Maintenance, repairs, and renewals, which neither materially add to the value of the assets nor appreciably prolong their lives, are charged to expense as incurred. Gains and losses from dispositions of property and equipment are reflected in the statement of operations.

**Dental Patient Care America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

**1. Summary of Significant Accounting Policies (continued)**

**Fair Value Disclosure**

At December 31, 2023 and 2022, the book value of the Company's financial instruments approximates fair value.

**Revenue Recognition**

The Company charges its member dentists membership fees, Rebates and remuneration from vendor partners, Commissions from our merchant services contract with TSYS, and receives rebates from the suppliers for purchases of dental equipment for its members. These revenues are recognized when payments are received since that is the earliest date when these amounts are readily determinable, and collection is reasonably assured. Amounts received prior to issuance of financial statements but after period ending dates that are attributable to prior periods are recorded as accounts receivable.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company had Net Operating Loss (NOL) of approximately \$300,000.

**Earnings Per Share**

Basic earnings (loss) per common share ("EPS") is calculated by dividing net loss by the weighted average number of common shares outstanding for the period. Diluted EPS is calculated by dividing net loss by the weighted average number of common shares outstanding, plus the assumed exercise of all dilutive securities using the treasury stock or "as converted" method, as appropriate. At December 31, 2023, there were 24,105,699 shares authorized and outstanding, giving an earnings(loss) per share for the year ended December 31, 2023 and 2022 of \$.0004 and \$.03, respectively.

**Use of Estimates**

Management of the company has made a number of estimates and assumptions relating to reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

**Dental Patient Care America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

**1. Summary of Significant Accounting Policies (continued)**

**Subsequent Events**

The lease for office space was renewed for an additional five years on February 28, 2024. The new lease agreement is for the period March 1, 2024 through February 28, 2029. The related right-to-use asset and current and long-term portions of the lease liability will be reflected on the future financial statements.

**2. Property and Equipment**

Property and equipment is stated at cost and consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Office and computer equipment	\$ 106,441	\$ 106,441
Less accumulated depreciation	(102,144)	(100,444)
	<u>\$ 4,297</u>	<u>\$ 5,997</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,700 and \$2,584.

**3. PPP Loan**

During 2021 and 2020, the Company was granted a loan (the “Loan”) in the amount of \$237,500, for each year pursuant to the SBA Paycheck Protection Program (the “PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The full amount of the Loan is included on the accompanying financial statements. The Loan was forgiven in full by the SBA in April 2021 and recognized as Other Revenue during the year ended December 31, 2022.

**Dental Patient Care America, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

**4. Employee Retention Credit**

Employee Retention Credit (the “ERC”) created by the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act.

On June 6, 2022, the Company created ERC Dental Associates, LLC (“ERCDA”), a wholly owned subsidiary of the Company. ERCDA was created to assist dentists in completing the application process for the ERC. ERCDA charged a fee based on the amount of credit received. As of December 31, 2023 and 2022, the Company had filed 259 and 151 applications on behalf of various companies and billed fees totaling \$2,183,968 and \$1,470,788, respectively.

In addition to assisting dentists with the ERC process, during 2022 the Company also applied for, and received, ERC for \$271,834.

**5. Commitments**

**Operating Leases**

The lease expired in April 2023 with monthly payments ranging from \$4,242 to \$4,499 over the life of the lease. The Company had entered into an operating lease agreement for facilities.

During the years ended December 31, 2023 and 2022 rent expense totaled \$53,275 and \$49,365, respectively.