

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2012 AND 2011**

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
PRASAD Children's Dental Health Program, Inc.

We have audited the accompanying financial statements of PRASAD Children's Dental Health Program, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of PRASAD Children's Dental Health Program, Inc. as of December 31, 2012 and 2011, 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.

*Lotz + Carr, LLP*

New York, New York  
August 19, 2013

## PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash	\$163,602	\$ 89,458
Certificates of deposit (Note 1b)	75,442	100,000
Accounts receivable (Note 1c)	14,422	5,674
Unconditional promises to give (Notes 1d and 3)		
Unrestricted	-	72
Restricted to future periods	46,899	50,000
Prepaid expenses	9,653	10,221
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 4)	<u>292,009</u>	<u>333,858</u>
<b>Total Assets</b>	<u><u>\$602,027</u></u>	<u><u>\$ 589,283</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 9,741	\$ 18,073
Due to The PRASAD Project, Inc. (Note 5)	<u>28,578</u>	<u>29,606</u>
Total Liabilities	<u>38,319</u>	<u>47,679</u>
Commitment (Note 7)		
Net Assets		
Unrestricted	513,809	491,604
Temporarily restricted (Note 2)	<u>49,899</u>	<u>50,000</u>
Total Net Assets	<u>563,708</u>	<u>541,604</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$602,027</u></u>	<u><u>\$ 589,283</u></u>

See notes to financial statements.

## PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Other Support		
Third party medical insurance reimbursement	\$131,343	\$ 143,645
Contributions (Notes 1a and 5)	165,535	143,354
Donated materials and services (Notes 5 and 6)	101,307	108,035
Interest and dividends	508	102
Other revenue	15,970	34,334
	<u>414,663</u>	<u>429,470</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	50,000	45,018
	<u>464,663</u>	<u>474,488</u>
Expenses (Note 5)		
Program Services	341,151	404,650
Supporting Services		
Management and general	79,283	102,592
Fundraising	22,024	3,455
Total Supporting Services	<u>101,307</u>	<u>106,047</u>
Total Expenses	<u>442,458</u>	<u>510,697</u>
Increase (Decrease) in Unrestricted Net Assets Before Revenues Related to Purchase of Property and Equipment	<u>22,205</u>	<u>(36,209)</u>
Contributions for purchase of property and equipment	-	123,094
Net assets released from restrictions for purchase of property and equipment	<u>-</u>	<u>64,170</u>
	<u>-</u>	<u>187,264</u>
Increase in Unrestricted Net Assets After Revenues Related to Purchase of Property and Equipment	<u>22,205</u>	<u>151,055</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	49,899	50,000
Net assets released from restrictions	<u>(50,000)</u>	<u>(109,188)</u>
Decrease in Temporarily Restricted Net Assets	<u>(101)</u>	<u>(59,188)</u>
Increase in net assets	22,104	91,867
Net assets, beginning of year	<u>541,604</u>	<u>449,737</u>
<b>Net Assets, End of Year</b>	<u><u>\$563,708</u></u>	<u><u>\$ 541,604</u></u>

See notes to financial statements.

## PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 22,104	\$ 91,867
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	41,849	29,516
Bad debt expense	16,080	12,783
(Increase) decrease in:		
Accounts receivable	(24,828)	(12,077)
Unconditional promises to give	3,173	(7,579)
Prepaid expenses	568	(2,054)
Increase (decrease) in:		
Accounts payable and accrued expenses	(8,332)	2,248
Due to The PRASAD Project, Inc.	(1,028)	(6,222)
Net Cash Provided By Operating Activities	<u>49,586</u>	<u>108,482</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	-	(188,928)
Purchase of certificates of deposit	(442)	(100,000)
Sale of certificates of deposit	25,000	-
Net Cash Provided (Used) By Investing Activities	<u>24,558</u>	<u>(288,928)</u>
Net increase (decrease) in cash	74,144	(180,446)
Cash, beginning of year	<u>89,458</u>	<u>269,904</u>
<b>Cash, End of Year</b>	<u><u>\$163,602</u></u>	<u><u>\$ 89,458</u></u>

See notes to financial statements.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2012 AND 2011****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

PRASAD Children's Dental Health Program, Inc. was incorporated in 1998 and registered in the spring of 2000 as a New York State Article 28 Clinic to serve the dental needs of the indigent pediatric population of Sullivan County, New York. During the years ended December 31, 2012 and 2011, the Organization received 29% (2012) of its gross revenue through a grant agreement with The PRASAD Project, Inc. (Note 5), and 40% (2011) of its gross revenue from two organizations including The PRASAD Project, Inc. In 2012, The PRASAD Project, Inc. became the Organization's sole member.

**b - Certificates of Deposit**

The Organization reflects certificates of deposit at fair value in the statement of financial position. Unrealized gains and losses on certificates of deposit are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Fair value is an estimate of the exit price representing the amount that would be received to sell an asset in an orderly transaction between market participants. Fair value measurements are not adjusted for transaction costs. A fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels. The Organization's certificates of deposit are classified within Level 1 of the fair value hierarchy.

**c - Accounts Receivable**

The Organization does not anticipate any losses on accounts receivable.

**d - Unconditional Promises to Give and Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor - restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**e - Property and Equipment**

Property and equipment are reported at cost or, if donated, at the fair market value at date of receipt. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the asset.



**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2012 AND 2011**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

f - Use of Estimates

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

g - Tax Status

PRASAD Children's Dental Health Program, Inc. is a not-for-profit corporation exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that there are no uncertain tax positions that require disclosure in the financial statements. The Organization's tax returns for years prior to 2009 are no longer subject to evaluation by the taxing authorities.

h - Subsequent Events

The Organization has evaluated subsequent events through August 19, 2013, the date that the financial statements are considered available to be issued.

**Note 2 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for future programs and periods. Restrictions are expected to be released between one and three years.

**Note 3 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>2012</u>	<u>2011</u>
Due in less than one year	\$35,440	\$50,072
Due in one to five years	<u>12,000</u>	<u>-</u>
	47,440	50,072
Less: Discount to present value	<u>(541)</u>	<u>-</u>
	<u>\$46,899</u>	<u>\$50,072</u>

Uncollectible promises to give are expected to be insignificant. Unconditional promises to give due after one year are reflected at net present value using a discount rate of 3%.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2012 AND 2011**

**Note 4 - Property and Equipment**

Property and equipment at December 31 consist of the following:

	<u>Life</u>	<u>2012</u>	<u>2011</u>
Building and improvements	7-39 years	\$ 68,911	\$ 68,911
Hardware and software	5 years	18,715	18,715
Mobile dental clinic	10 years	312,108	312,108
Equipment	3 years	<u>52,738</u>	<u>52,738</u>
		452,472	452,472
Less: Accumulated depreciation		<u>(160,463)</u>	<u>(118,614)</u>
		<u>\$ 292,009</u>	<u>\$ 333,858</u>

Total depreciation expense was \$41,849 and \$29,516 for the years ended December 31, 2012 and 2011, respectively.

**Note 5 - Funding and Service Agreement**

The Organization receives funding from The PRASAD Project, Inc., a not-for-profit organization located in New York State (Note 10). The Organization received grant support totaling \$45,000 (2012) and \$51,540 (2011).

The PRASAD Project, Inc. also provides the Organization with (1) use of the dental van and equipment used by the Organization, and (2) administrative services, including bookkeepers, accounting and consulting services. The use of The PRASAD Project, Inc.'s dental van ended during 2011 after the Organization purchased its own dental van. The Organization received donated services in the amount of \$94,807 (2012) and \$92,591 (2011).

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2012 AND 2011**

**Note 6 - Donated Materials and Services**

The Organization received the following donated materials and services:

	<u>2012</u>	<u>2011</u>
Administrative services and materials (Note 5)	\$ 94,807	\$ 92,591
Rental charge for use of mobile dental clinic (Note 5)	-	12,944
Accounting services	4,000	-
Legal services	<u>2,500</u>	<u>2,500</u>
	<u>\$101,307</u>	<u>\$108,035</u>

**Note 7 - Commitment**

The Organization occupies a portion of the premises leased by the PRASAD Project, Inc., an affiliate. The related occupancy costs are included as part of the donated services described in Notes 5 and 6.

**Note 8 - Tax Deferred Compensation Plan**

The Organization has a tax-deferred compensation plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization does not contribute to the plan.

**Note 9 - Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by management among the programs and the supporting services benefited.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2012 AND 2011****Note 10 - Related Organizations**

As discussed in Notes 1a and 5, the Organization's sole member is the PRASAD Project, Inc. The PRASAD Project, Inc. represents the *Worldwide PRASAD Organization* which seeks to build a highly diversified movement of organizations to help improve the quality of life and create opportunities for self-reliance.

As of December 31, 2012, there were five other approved PRASAD Organizations. Four of these entities have obtained charitable status equivalent in India, Mexico, Spain, and Australia.

**SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
PRASAD Children's Dental Health Program, Inc.

We have audited the financial statements of PRASAD Children's Dental Health Program, Inc. as of and for the years ended December 31, 2012 and 2011, and our report thereon dated August 19, 2013, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2012 with comparative totals for 2011 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
August 19, 2013

## PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2012 WITH COMPARATIVE TOTALS FOR 2011

	Program Services	Supporting Services			2012	2011
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$177,878	\$ -	\$ -	\$ -	\$177,878	\$245,812
Payroll taxes and other employee benefits	35,384	-	-	-	35,384	44,147
Donated program and administrative service fees	-	72,783	22,024	94,807	94,807	92,591
Rental charge for use of mobile dental clinic	-	-	-	-	-	12,944
Professional fees	16,607	6,500	-	6,500	23,107	13,545
Office supplies	2,674	-	-	-	2,674	3,140
Postage and shipping	322	-	-	-	322	590
Travel	1,636	-	-	-	1,636	1,437
Telephone and communications	1,493	-	-	-	1,493	2,855
Insurance	14,117	-	-	-	14,117	14,691
Dental supplies	13,728	-	-	-	13,728	11,446
Education and seminars	234	-	-	-	234	1,265
Mobile dental clinic repairs and maintenance	5,052	-	-	-	5,052	8,674
Advertising	3,923	-	-	-	3,923	2,223
Utilities	2,154	-	-	-	2,154	3,259
Fees and permits	270	-	-	-	270	3,329
Depreciation expense	41,849	-	-	-	41,849	29,516
Bad debt expense and provision for uncollectible accounts	16,080	-	-	-	16,080	12,783
Miscellaneous	7,750	-	-	-	7,750	6,450
Total Expenses, 2012	<u>\$341,151</u>	<u>\$ 79,283</u>	<u>\$ 22,024</u>	<u>\$101,307</u>	<u>\$442,458</u>	
Total Expenses, 2011	<u>\$404,650</u>	<u>\$ 102,592</u>	<u>\$ 3,455</u>	<u>\$106,047</u>		<u>\$510,697</u>

See independent auditors' report on supplementary information.