

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2013 AND 2012

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10
Supplementary Information	
Independent Auditors' Report on Supplementary Information	12
Schedule of Functional Expenses	13



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, 2013 and 2012, 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, 2013 and 2012, 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
September 18, 2014

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$259,677	\$163,602
Certificates of deposit (Note 1b)	-	75,442
Accounts receivable (Note 1c)	5,892	14,422
Unconditional promises to give (Notes 1d and 3)		
Unrestricted	3,539	-
Temporarily restricted	47,338	46,899
Prepaid expenses	9,641	9,653
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 4)	<u>252,504</u>	<u>292,009</u>
Total Assets	<u><u>\$578,591</u></u>	<u><u>\$602,027</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 11,820	\$ 9,741
Due to The PRASAD Project, Inc. (Note 5)	<u>634</u>	<u>28,578</u>
Total Liabilities	<u>12,454</u>	<u>38,319</u>
Commitment (Note 7)		
Net Assets		
Unrestricted	518,799	513,809
Temporarily restricted (Note 2)	<u>47,338</u>	<u>49,899</u>
Total Net Assets	<u>566,137</u>	<u>563,708</u>
Total Liabilities and Net Assets	<u><u>\$578,591</u></u>	<u><u>\$602,027</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Third party medical insurance reimbursement	\$132,732	\$131,343
Contributions (Notes 1a and 5)	154,798	165,535
Benefit income	11,934	-
Less: Direct benefit expenses	(3,100)	-
Donated services and occupancy (Notes 5 and 6)	102,716	101,307
Interest and dividends	263	508
Other revenue	3,933	15,970
	<u>403,276</u>	<u>414,663</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	41,440	50,000
	<u>41,440</u>	<u>50,000</u>
Total Revenue and Other Support	<u>444,716</u>	<u>464,663</u>
Expenses (Note 5)		
Program Services	337,010	341,151
Supporting Services		
Management and general	92,280	79,283
Fundraising	10,436	22,024
Total Supporting Services	<u>102,716</u>	<u>101,307</u>
Total Expenses	<u>439,726</u>	<u>442,458</u>
Increase in Unrestricted Net Assets	<u>4,990</u>	<u>22,205</u>
Changes in Temporarily Restricted Net Assets		
Contributions	38,879	49,899
Net assets released from restrictions	<u>(41,440)</u>	<u>(50,000)</u>
Decrease in Temporarily Restricted Net Assets	<u>(2,561)</u>	<u>(101)</u>
Increase in net assets	2,429	22,104
Net assets, beginning of year	<u>563,708</u>	<u>541,604</u>
Net Assets, End of Year	<u><u>\$566,137</u></u>	<u><u>\$563,708</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 2,429	\$ 22,104
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	39,505	41,849
Bad debt expense	16,584	16,080
(Increase) decrease in:		
Accounts receivable	(8,054)	(24,828)
Unconditional promises to give	(3,978)	3,173
Prepaid expenses	12	568
Increase (decrease) in:		
Accounts payable and accrued expenses	2,079	(8,332)
Due to The PRASAD Project, Inc.	(27,944)	(1,028)
Net Cash Provided By Operating Activities	<u>20,633</u>	<u>49,586</u>
Cash Flows From Investing Activities		
Purchase of certificates of deposit	(243)	(442)
Redemption of certificates of deposit	<u>75,685</u>	<u>25,000</u>
Net Cash Provided By Investing Activities	<u>75,442</u>	<u>24,558</u>
Net increase in cash	96,075	74,144
Cash, beginning of year	<u>163,602</u>	<u>89,458</u>
Cash, End of Year	<u><u>\$259,677</u></u>	<u><u>\$163,602</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2013 AND 2012****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, 2013 and 2012, the Organization received 38% and 30%, respectively, of its gross revenue through a grant agreement with The PRASAD Project, Inc. (Note 5). 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, when necessary, 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, 2013 AND 2012

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 are generally subject to examination by taxing authorities for a period of three years from the date of filing.

h - Subsequent Events

The Organization has evaluated subsequent events through September 18, 2014, 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.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2013</u>	<u>2012</u>
Due in less than one year	\$45,063	\$35,440
Due in one to five years	<u>6,000</u>	<u>12,000</u>
	51,063	47,440
Less: Discount to present value	<u>(186)</u>	<u>(541)</u>
	<u>\$50,877</u>	<u>\$46,899</u>

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 3 - Unconditional Promises to Give (continued)

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%.

Note 4 - Property and Equipment

Property and equipment at December 31 consist of the following:

	<u>Life</u>	<u>2013</u>	<u>2012</u>
Building and improvements	7-39 years	\$ 68,911	\$ 68,911
Hardware and software	5 years	14,286	18,715
Mobile dental clinic	10 years	312,108	312,108
Equipment	3 years	<u>52,738</u>	<u>52,738</u>
		448,043	452,472
Less: Accumulated depreciation		<u>(195,539)</u>	<u>(160,463)</u>
		<u>\$252,504</u>	<u>\$292,009</u>

Total depreciation expense was \$39,505 and \$41,849 for the years ended December 31, 2013 and 2012, respectively.

During 2013, the Organization disposed of fully depreciated computer equipment in the amount of \$4,429.

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 \$69,374 (2013) and \$45,000 (2012).

The PRASAD Project, Inc. also provides the Organization with office space and administrative and fundraising services, including bookkeepers, accounting and consulting services. The Organization received donated services in the amount of \$96,716 (2013) and \$94,807 (2012).

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 6 - Donated Services and Occupancy

The Organization received the following donated services and occupancy:

	<u>2013</u>	<u>2012</u>
Administrative and fundraising services (Note 5)	\$ 96,716	\$ 94,807
Accounting services	4,500	4,000
Legal services	<u>1,500</u>	<u>2,500</u>
	<u>\$102,716</u>	<u>\$101,307</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, 2013 AND 2012****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, 2013, there were five other approved PRASAD Organizations. Four of these entities have obtained charitable status equivalent in India, Mexico, Spain, and Australia.

SUPPLEMENTARY INFORMATION



LUZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP
300 EAST 42ND ST., NEW YORK, NY 10017
212-697-2299 Fax 212-949-1768

**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, 2013 and 2012, and our report thereon dated September 18, 2014, 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, 2013 with comparative totals for 2012 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
September 18, 2014

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Program Services	Supporting Services			2013	2012
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$182,059	\$ -	\$ -	\$ -	\$182,059	\$177,878
Payroll taxes and other employee benefits	32,786	-	-	-	32,786	35,384
Donated program and administrative service fees	-	86,280	10,436	96,716	96,716	94,807
Professional fees	15,398	6,000	-	6,000	21,398	23,107
Office supplies	3,384	-	-	-	3,384	2,674
Postage and shipping	639	-	-	-	639	322
Travel	4,810	-	-	-	4,810	1,636
Telephone and communications	1,751	-	-	-	1,751	1,493
Insurance	12,516	-	-	-	12,516	14,117
Dental supplies	9,540	-	-	-	9,540	13,728
Education and seminars	-	-	-	-	-	234
Mobile dental clinic repairs and maintenance	5,768	-	-	-	5,768	5,052
Advertising	2,548	-	-	-	2,548	3,923
Utilities	3,677	-	-	-	3,677	2,154
Fees and permits	482	-	-	-	482	270
Depreciation expense	39,505	-	-	-	39,505	41,849
Bad debt expense and provision for uncollectible accounts	16,584	-	-	-	16,584	16,080
Miscellaneous	5,563	-	-	-	5,563	7,750
Total Expenses, 2013	<u>\$337,010</u>	<u>\$ 92,280</u>	<u>\$ 10,436</u>	<u>\$102,716</u>	<u>\$439,726</u>	
Total Expenses, 2012	<u>\$341,151</u>	<u>\$ 79,283</u>	<u>\$ 22,024</u>	<u>\$101,307</u>		<u>\$442,458</u>

See independent auditors' report on supplementary information.