

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2014 AND 2013

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	6-9
Supplementary Information	
Independent Auditors' Report on Supplementary Information	11
Schedule of Functional Expenses	12



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees 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, 2014 and 2013, 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, 2014 and 2013, 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
October 9, 2015

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash	\$301,280	\$259,677
Accounts receivable (Note 1b)	42,509	5,892
Unconditional promises to give (Notes 1c and 3)		
Unrestricted	16,429	3,539
Temporarily restricted	28,593	47,338
Prepaid expenses	11,003	9,641
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 4)	<u>219,321</u>	<u>252,504</u>
Total Assets	<u><u>\$619,135</u></u>	<u><u>\$578,591</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 57,352	\$ 11,820
Due to The PRASAD Project, Inc. (Note 5)	<u>935</u>	<u>634</u>
Total Liabilities	<u>58,287</u>	<u>12,454</u>
Commitment (Note 7)		
Net Assets		
Unrestricted	532,255	518,799
Temporarily restricted (Note 2)	<u>28,593</u>	<u>47,338</u>
Total Net Assets	<u>560,848</u>	<u>566,137</u>
Total Liabilities and Net Assets	<u><u>\$619,135</u></u>	<u><u>\$578,591</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support (Note 1a)		
Third party medical insurance reimbursement	\$110,151	\$132,732
Contributions (Note 5)	159,241	154,798
Benefit income	9,707	11,934
Less: Direct benefit expenses	(2,880)	(3,100)
Donated services and occupancy (Notes 5 and 6)	94,615	102,716
Interest and dividends	22	263
Other revenue	15,073	3,933
	<u>385,929</u>	<u>403,276</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	44,130	41,440
	<u>430,059</u>	<u>444,716</u>
Expenses (Note 5)		
Program Services	313,078	337,010
Supporting Services		
Management and general	100,339	92,280
Fundraising	3,186	10,436
Total Supporting Services	<u>103,525</u>	<u>102,716</u>
Total Expenses	<u>416,603</u>	<u>439,726</u>
Increase in Unrestricted Net Assets	<u>13,456</u>	<u>4,990</u>
Changes in Temporarily Restricted Net Assets		
Contributions	25,385	38,879
Net assets released from restrictions	<u>(44,130)</u>	<u>(41,440)</u>
Decrease in Temporarily Restricted Net Assets	<u>(18,745)</u>	<u>(2,561)</u>
Increase (decrease) in net assets	(5,289)	2,429
Net assets, beginning of year	<u>566,137</u>	<u>563,708</u>
Net Assets, End of Year	<u><u>\$560,848</u></u>	<u><u>\$566,137</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (5,289)	\$ 2,429
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	37,874	39,505
Bad debt expense	16,002	16,584
(Increase) decrease in:		
Accounts receivable	(52,619)	(8,054)
Unconditional promises to give	5,855	(3,978)
Prepaid expenses	(1,362)	12
Increase (decrease) in:		
Accounts payable and accrued expenses	45,532	2,079
Due to The PRASAD Project, Inc.	301	(27,944)
Net Cash Provided By Operating Activities	<u>46,294</u>	<u>20,633</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(4,691)	-
Purchase of certificates of deposit	-	(243)
Redemption of certificates of deposit	-	75,685
Net Cash Provided (Used) By Investing Activities	<u>(4,691)</u>	<u>75,442</u>
Net increase in cash	41,603	96,075
Cash, beginning of year	<u>259,677</u>	<u>163,602</u>
Cash, End of Year	<u><u>\$301,280</u></u>	<u><u>\$259,677</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2014 AND 2013****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. The PRASAD Project, Inc. is the Organization's sole member.

During the years ended December 31, 2014 and 2013, the Organization received 33% and 37%, respectively, of its unrestricted total revenue and other support through a grant agreement with The PRASAD Project, Inc. (Note 5).

b - Accounts Receivable

The Organization does not anticipate any losses on accounts receivable.

c - 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.

d - Property and Equipment

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

e - 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.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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

f - 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.

g - Subsequent Events

The Organization has evaluated subsequent events through October 9, 2015, 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>2014</u>	<u>2013</u>
Due in less than one year	\$45,022	\$45,063
Due in one to five years	<u>-</u>	<u>6,000</u>
	45,022	51,063
Less: Discount to present value	<u>-</u>	<u>(186)</u>
	<u>\$45,022</u>	<u>\$50,877</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, 2014 AND 2013

Note 4 - Property and Equipment

Property and equipment at December 31 consist of the following:

	<u>Life</u>	<u>2014</u>	<u>2013</u>
Building and improvements	7-39 years	\$ 72,911	\$ 68,911
Hardware and software	5 years	14,977	14,286
Mobile dental clinic	10 years	312,108	312,108
Equipment	3 years	<u>52,738</u>	<u>52,738</u>
		452,734	448,043
Less: Accumulated depreciation		<u>(233,413)</u>	<u>(195,539)</u>
		<u>\$219,321</u>	<u>\$252,504</u>

Total depreciation expense was \$37,874 and \$39,505 for the years ended December 31, 2014 and 2013, 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 (2014) and \$69,374 (2013).

The PRASAD Project, Inc. also provides the Organization with office space and administrative and fundraising services, including bookkeeping, accounting and consulting services. The Organization received donated services in the amount of \$91,025 (2014) and \$96,716 (2013).

Note 6 - Donated Services and Occupancy

The Organization received the following donated services and occupancy:

	<u>2014</u>	<u>2013</u>
Occupancy and administrative services (Note 5)	\$91,025	\$ 96,716
Accounting services	-	4,500
Legal services	3,500	1,500
Other services	<u>90</u>	<u>-</u>
	<u>\$94,615</u>	<u>\$102,716</u>

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2014 AND 2013****Note 7 - Commitment**

The Organization occupies a portion of the premises leased by the PRASAD Project, Inc. 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.

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, 2014, there were five other approved PRASAD Organizations. Four of these entities have obtained charitable status equivalent in India, Mexico, Spain, and Australia.

SUPPLEMENTARY INFORMATION



LUTZ 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 Trustees 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, 2014 and 2013, and our report thereon dated October 9, 2015, 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, 2014 with comparative totals for 2013 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
October 9, 2015

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVE TOTALS FOR 2013

	Program Services	Supporting Services			2014	2013
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$162,784	\$ -	\$ -	\$ -	\$162,784	\$182,059
Payroll taxes and other employee benefits	30,403	-	-	-	30,403	32,786
Donated occupancy and administrative service fees	-	87,839	3,186	91,025	91,025	96,716
Professional fees	10,221	12,500	-	12,500	22,721	21,398
Office supplies	4,252	-	-	-	4,252	3,384
Postage and shipping	779	-	-	-	779	639
Travel	2,938	-	-	-	2,938	4,810
Telephone and communications	1,792	-	-	-	1,792	1,751
Insurance	12,966	-	-	-	12,966	12,516
Dental supplies	12,260	-	-	-	12,260	9,540
Education and seminars	245	-	-	-	245	-
Mobile dental clinic repairs and maintenance	8,083	-	-	-	8,083	5,768
Advertising	2,324	-	-	-	2,324	2,548
Utilities	4,449	-	-	-	4,449	3,677
Fees and permits	748	-	-	-	748	482
Depreciation expense	37,874	-	-	-	37,874	39,505
Bad debt expense and provision for uncollectible accounts	16,002	-	-	-	16,002	16,584
Miscellaneous	4,958	-	-	-	4,958	5,563
Total Expenses, 2014	<u>\$313,078</u>	<u>\$ 100,339</u>	<u>\$ 3,186</u>	<u>\$103,525</u>	<u>\$416,603</u>	
Total Expenses, 2013	<u>\$337,010</u>	<u>\$ 92,280</u>	<u>\$ 10,436</u>	<u>\$102,716</u>		<u>\$439,726</u>

See independent auditors' report on supplementary information.