

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2016 AND 2015

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



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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, 2016 and 2015, 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, 2016 and 2015, 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 11, 2017

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$214,863	\$210,936
Certificates of deposit (Notes 1b and 2)	101,788	100,503
Accounts receivable (Note 1c)	1,474	3,223
Unconditional promises to give (Notes 1d and 4)		
Unrestricted	15,782	20,445
Temporarily restricted	22,338	18,698
Prepaid expenses	9,640	9,773
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	<u>160,167</u>	<u>199,581</u>
Total Assets	<u><u>\$526,052</u></u>	<u><u>\$563,159</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 12,340	\$ 9,134
Due to The PRASAD Project, Inc. (Note 6)	<u>2,273</u>	<u>885</u>
Total Liabilities	<u>14,613</u>	<u>10,019</u>
Commitment (Note 8)		
Net Assets		
Unrestricted	489,101	534,442
Temporarily restricted (Note 3)	<u>22,338</u>	<u>18,698</u>
Total Net Assets	<u>511,439</u>	<u>553,140</u>
Total Liabilities and Net Assets	<u><u>\$526,052</u></u>	<u><u>\$563,159</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support (Note 1a)		
Third party medical insurance reimbursement	\$ 90,068	\$108,269
Contributions (Note 6)	117,315	144,656
Donated services and occupancy (Notes 6 and 7)	88,246	94,496
Interest and dividends	1,308	528
Other revenue	<u>2,629</u>	<u>8,816</u>
	299,566	356,765
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>18,698</u>	<u>28,593</u>
Total Revenue and Other Support	<u>318,264</u>	<u>385,358</u>
Expenses (Note 6)		
Program Services	<u>263,859</u>	<u>279,175</u>
Supporting Services		
Management and general	96,692	100,776
Fundraising	<u>3,054</u>	<u>3,220</u>
Total Supporting Services	<u>99,746</u>	<u>103,996</u>
Total Expenses	<u>363,605</u>	<u>383,171</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(45,341)</u>	<u>2,187</u>
Changes in Temporarily Restricted Net Assets		
Contributions	22,338	18,698
Net assets released from restrictions	<u>(18,698)</u>	<u>(28,593)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>3,640</u>	<u>(9,895)</u>
Decrease in net assets	(41,701)	(7,708)
Net assets, beginning of year	<u>553,140</u>	<u>560,848</u>
Net Assets, End of Year	<u><u>\$511,439</u></u>	<u><u>\$553,140</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (41,701)	\$ (7,708)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation expense	39,414	37,841
Gain on sale of asset	-	(4,000)
Bad debt expense	1,586	3,456
Decrease in:		
Accounts receivable	163	35,830
Unconditional promises to give	1,023	5,879
Prepaid expenses	133	1,230
Increase (decrease) in:		
Accounts payable and accrued expenses	3,206	(48,218)
Due to The PRASAD Project, Inc.	1,388	(50)
Net Cash Provided By Operating Activities	<u>5,212</u>	<u>24,260</u>
Cash Flows From Investing Activities		
Purchase of certificate of deposit	(1,285)	(100,503)
Acquisition of property and equipment	-	(18,101)
Proceeds from sale of asset	-	4,000
Net Cash Used By Investing Activities	<u>(1,285)</u>	<u>(114,604)</u>
Net increase (decrease) in cash	3,927	(90,344)
Cash, beginning of year	<u>210,936</u>	<u>301,280</u>
Cash, End of Year	<u><u>\$214,863</u></u>	<u><u>\$210,936</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****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, 2016 and 2015, the Organization received 44% and 41%, respectively, of its unrestricted total revenue and other support through a grant agreement with The PRASAD Project, Inc. (Note 6).

b - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments 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. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized.

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date).

Financial instruments are categorized into a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input is significant to the fair value of the instrument.

The value of the Organization's certificates of deposit is based on quoted market prices in active markets and is, therefore, classified within Level 1.

c - Accounts Receivable

The Organization does not anticipate any losses on accounts receivable.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016 AND 2015****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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 is computed using the straight-line method over the estimated useful life of the asset.

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.

h - Subsequent Events

The Organization has evaluated subsequent events through August 11, 2017, the date that the financial statements are considered available to be issued.

Note 2 - Certificate of Deposit

At December 31, 2016, the Organization holds a certificate of deposit with a maturity date of May 17, 2017. As of December 31, 2015, the Organization held a certificate of deposit which matured May 17, 2016. Cost basis approximates fair value at December 31, 2016 and 2015.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for future programs and periods.

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due in less than one year. Uncollectible promises to give are expected to be insignificant.

Note 5 - Property and Equipment

Property and equipment at December 31 consist of the following:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Building and improvements	7-39 years	\$ 64,911	\$ 64,911
Hardware and software	5 years	14,977	14,977
Mobile dental clinic and automobile	10 years	330,208	330,208
Equipment	3 years	<u>21,882</u>	<u>21,882</u>
		431,978	431,978
Less: Accumulated depreciation		<u>(271,811)</u>	<u>(232,397)</u>
		<u>\$160,167</u>	<u>\$199,581</u>

Total depreciation expense was \$39,414 and \$37,841 for the years ended December 31, 2016 and 2015, respectively.

Note 6 - Funding and Service Agreement

The Organization receives funding from The PRASAD Project, Inc., a not-for-profit organization located in New York State (Note 11). The Organization received grant support totaling \$55,000 (2016) and \$60,697 (2015).

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 \$87,246 (2016) and \$91,996 (2015).

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 7 - Donated Services and Occupancy

The Organization received the following donated services and occupancy:

	<u>2016</u>	<u>2015</u>
Occupancy and administrative services (Note 6)	\$87,246	\$ 91,996
Legal services	<u>1,000</u>	<u>2,500</u>
	<u>\$88,246</u>	<u>\$94,496</u>

Note 8 - 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 6 and 7.

Note 9 - 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 10 - 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, 2016 AND 2015****Note 11 - Related Organizations**

As discussed in Notes 1a and 6, 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, 2016, 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 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, 2016 and 2015, and our report thereon dated August 11, 2017, 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, 2016 with comparative totals for 2015 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 11, 2017

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Program Services	Supporting Services			2016	2015
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$105,913	\$ -	\$ -	\$ -	\$105,913	\$116,107
Payroll taxes and other employee benefits	25,769	-	-	-	25,769	25,935
Donated occupancy and administrative service fees	-	84,192	3,054	87,246	87,246	91,996
Professional fees	41,601	12,500	-	12,500	54,101	46,160
Office supplies	2,299	-	-	-	2,299	2,310
Postage and shipping	218	-	-	-	218	300
Travel	1,158	-	-	-	1,158	1,020
Telephone and communications	1,930	-	-	-	1,930	1,954
Insurance	12,878	-	-	-	12,878	12,970
Dental supplies	8,010	-	-	-	8,010	7,832
Education and seminars	365	-	-	-	365	200
Mobile dental clinic repairs and maintenance	9,482	-	-	-	9,482	22,582
Advertising	6,674	-	-	-	6,674	4,327
Utilities	1,937	-	-	-	1,937	2,484
Fees and permits	1,195	-	-	-	1,195	1,363
Depreciation expense	39,414	-	-	-	39,414	37,841
Bad debt expense and provision for uncollectible accounts	1,586	-	-	-	1,586	3,456
Miscellaneous	3,430	-	-	-	3,430	4,334
Total Expenses, 2016	<u>\$263,859</u>	<u>\$ 96,692</u>	<u>\$ 3,054</u>	<u>\$ 99,746</u>	<u>\$363,605</u>	
Total Expenses, 2015	<u>\$279,175</u>	<u>\$ 100,776</u>	<u>\$ 3,220</u>	<u>\$103,996</u>		<u>\$383,171</u>

See independent auditors' report on supplementary information.