

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2011 AND 2010

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 statements of financial position of PRASAD Children's Dental Health Program, Inc. (a not-for-profit corporation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
August 17, 2012

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$ 89,458	\$ 269,904
Certificates of deposit (Note 1b)	100,000	-
Accounts receivable	5,674	6,380
Unconditional promises to give (Notes 1c and 3)		
Unrestricted	72	15
Restricted to future periods	50,000	42,478
Prepaid expenses	10,221	8,167
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 4)	<u>333,858</u>	<u>174,446</u>
Total Assets	<u><u>\$ 589,283</u></u>	<u><u>\$ 501,390</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 18,073	\$ 15,825
Due to The PRASAD Project, Inc. (Note 5)	<u>29,606</u>	<u>35,828</u>
Total Liabilities	<u>47,679</u>	<u>51,653</u>
Commitment (Note 7)		
Net Assets		
Unrestricted	491,604	340,549
Temporarily restricted (Note 2)	<u>50,000</u>	<u>109,188</u>
Total Net Assets	<u>541,604</u>	<u>449,737</u>
Total Liabilities and Net Assets	<u><u>\$ 589,283</u></u>	<u><u>\$ 501,390</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Third party medical insurance reimbursement	\$ 143,645	\$ 163,844
Contributions (Note 5)	143,354	318,392
Donated materials and services (Notes 5 and 6)	108,035	130,713
Interest and dividends	102	144
Other revenue	34,334	32,105
	<u>429,470</u>	<u>645,198</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	45,018	34,653
	<u>474,488</u>	<u>679,851</u>
Expenses (Note 5)		
Program Services	404,650	393,175
Supporting Services		
Management and general	102,592	112,971
Fundraising	3,455	2,849
Total Supporting Services	<u>106,047</u>	<u>115,820</u>
Total Expenses	<u>510,697</u>	<u>508,995</u>
Increase (Decrease) in Unrestricted Net Assets Before Revenues Related to Purchase of Property and Equipment (Note 4)	<u>(36,209)</u>	<u>170,856</u>
Contributions	123,094	-
Net assets released from restrictions	64,170	-
	<u>187,264</u>	<u>-</u>
Increase in Unrestricted Net Assets After Revenues Related to Purchase of Property and Equipment (Note 4)	<u>151,055</u>	<u>170,856</u>
Changes in Temporarily Restricted Net Assets		
Contributions	50,000	101,670
Net assets released from restrictions	<u>(109,188)</u>	<u>(34,653)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(59,188)</u>	<u>67,017</u>
Increase in net assets	91,867	237,873
Net assets, beginning of year	<u>449,737</u>	<u>211,864</u>
Net Assets, End of Year	<u>\$ 541,604</u>	<u>\$ 449,737</u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 91,867	\$ 237,873
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	29,516	14,626
Bad debt expense	12,783	18,957
Increase in:		
Accounts receivable	(12,077)	(17,045)
Unconditional promises to give	(7,579)	(12,285)
Prepaid expenses	(2,054)	(946)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,248	(1,672)
Due to The PRASAD Project, Inc.	<u>(6,222)</u>	<u>2,381</u>
Net Cash Provided By Operating Activities	<u>108,482</u>	<u>241,889</u>
Cash Flows From Investing Activities		
Purchase of property and equipment (Note 4)	(188,928)	(137,511)
Purchase of certificates of deposit	<u>(100,000)</u>	-
Net Cash Used By Investing Activities	<u>(288,928)</u>	<u>(137,511)</u>
Net increase (decrease) in cash	(180,446)	104,378
Cash, beginning of year	<u>269,904</u>	<u>165,526</u>
Cash, End of Year	<u>\$ 89,458</u>	<u>\$ 269,904</u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011 AND 2010****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, 2011 and 2010, the Organization received 40% (2011) of its gross revenue from two organizations including The PRASAD Project, Inc., and 27% (2010) of its gross revenues through a grant agreement with the PRASAD Project, Inc. (Note 6). 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 - 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.

d - 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, 2011 AND 2010****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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.

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 for years prior to 2008 are no longer subject to evaluation by the taxing authorities.

g - Subsequent Events

The Organization has evaluated subsequent events through August 17, 2012, 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 are expected to be released from restriction within one year.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

Note 4 - Property and Equipment

Property and equipment at December 31 consist of the following:

	<u>Life</u>	<u>2011</u>	<u>2010</u>
Building and improvements	7-39 years	\$ 68,911	\$ 68,911
Hardware and software	5 years	18,715	17,052
Mobile dental clinic	10 years	312,108	124,843
Equipment	3 years	<u>52,738</u>	<u>52,738</u>
		452,472	263,544
Less: Accumulated Depreciation		<u>(118,614)</u>	<u>(89,098)</u>
		<u>\$ 333,858</u>	<u>\$174,446</u>

During 2010, the Organization put a down payment of \$124,843 for the purchase of a mobile dental clinic. The balance of the purchase price of \$187,265 was paid in 2011, and the clinic was placed into service in August 2011.

Total depreciation expense was \$29,516 and \$14,626 for the years ended December 31, 2011 and 2010, 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 \$51,540 (2011) and \$64,108 (2010).

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 Organization received donated services in the amount of \$92,591 (2011) and \$102,176 (2010).

In 2012, The PRASAD Project, Inc. became the Organization's sole member.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

Note 6 - Donated Materials and Services

The Organization received the following donated materials and services:

	<u>2011</u>	<u>2010</u>
Administrative services and materials (Note 5)	\$ 92,591	\$102,176
Rental charge for use of mobile dental clinic (Note 5)	12,944	25,887
Legal services	<u>2,500</u>	<u>2,650</u>
	<u>\$108,035</u>	<u>\$130,713</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, 2011 AND 2010

Note 10 - Related Organizations

As discussed in Note 5, the Organization is related to 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, 2011, 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, 2011 and 2010, and have issued our report thereon dated August 17, 2012, which contained an unqualified opinion on those financial statements. Our audits were performed 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, 2011 with comparative totals for 2010 is presented for the 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 17, 2012

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	Program Services	Supporting Services			2011	2010
		Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$245,812	\$ -	\$ -	\$ -	\$245,812	\$236,350
Payroll taxes and other employee benefits	44,147	-	-	-	44,147	43,628
Donated program and administrative service fee	-	92,591	-	92,591	92,591	102,176
Rental charge for use of mobile dental clinic	12,944	-	-	-	12,944	25,887
Professional fees	2,494	10,001	1,050	11,051	13,545	14,886
Office supplies	1,856	-	1,284	1,284	3,140	4,360
Postage and shipping	350	-	240	240	590	791
Travel	1,437	-	-	-	1,437	1,659
Telephone and communications	2,605	-	250	250	2,855	2,696
Insurance	14,691	-	-	-	14,691	11,500
Dental supplies	11,446	-	-	-	11,446	9,971
Education and seminars	1,265	-	-	-	1,265	174
Mobile dental clinic repairs and maintenance	8,674	-	-	-	8,674	9,700
Advertising	1,592	-	631	631	2,223	2,819
Utilities	3,259	-	-	-	3,259	2,242
Fees and permits	3,329	-	-	-	3,329	888
Depreciation expense	29,516	-	-	-	29,516	14,626
Bad debt expense and provision for uncollectible accounts	12,783	-	-	-	12,783	18,957
Miscellaneous	6,450	-	-	-	6,450	5,685
Total Expenses, 2011	<u>\$404,650</u>	<u>\$ 102,592</u>	<u>\$ 3,455</u>	<u>\$106,047</u>	<u>\$510,697</u>	
Total Expenses, 2010	<u>\$393,175</u>	<u>\$ 112,971</u>	<u>\$ 2,849</u>	<u>\$115,820</u>		<u>\$508,995</u>

See independent auditors' report on supplementary information.