

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**



**LUTZ AND GARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

## **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, 2018 and 2017, and the related statements of activities, functional expenses 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, 2018 and 2017, 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 27, 2019

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

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash	\$105,164	\$220,025
Certificates of deposit (Notes 1b and 3)	215,992	102,943
Accounts receivable (Note 1c)	1,933	1,957
Unconditional promises to give (Notes 1d and 5)		
Without donor restrictions	19,289	17,830
With donor restrictions	33,073	29,682
Prepaid expenses	7,880	7,115
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 6)	<u>116,414</u>	<u>135,349</u>
<b>Total Assets</b>	<u><u>\$499,745</u></u>	<u><u>\$514,901</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 18,229	\$ 10,532
Due to The PRASAD Project, Inc. (Note 7)	<u>891</u>	<u>908</u>
Total Liabilities	<u>19,120</u>	<u>11,440</u>
Commitment (Note 8)		
Net Assets		
Without donor restrictions	447,552	473,779
With donor restrictions (Note 4)	<u>33,073</u>	<u>29,682</u>
Total Net Assets	<u>480,625</u>	<u>503,461</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$499,745</u></u>	<u><u>\$514,901</u></u>

See notes to financial statements.

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

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenue and Other Support (Note 1a)		
Third party medical insurance reimbursement	\$ 95,190	\$ 99,657
Contributions (Note 7)	103,670	139,626
Donated services and occupancy (Notes 7 and 8)	95,008	102,918
Interest and dividends	3,064	1,177
Other revenue	209	3,502
	297,141	346,880
Net assets released from restrictions		
Satisfaction of time and program restrictions	29,682	22,338
	326,823	369,218
<b>Expenses (Note 7)</b>		
Program Services	248,842	277,972
Supporting Services		
Management and general	100,946	103,216
Fundraising	3,262	3,352
Total Supporting Services	104,208	106,568
Total Expenses	353,050	384,540
Decrease in Net Assets Without Donor Restrictions	(26,227)	(15,322)
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	33,073	29,682
Net assets released from restrictions	(29,682)	(22,338)
Increase in Net Assets With Donor Restrictions	3,391	7,344
Decrease in net assets	(22,836)	(7,978)
Net assets, beginning of year	503,461	511,439
<b>Net Assets, End of Year</b>	<b>\$480,625</b>	<b>\$503,461</b>

See notes to financial statements.

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

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$131,604	\$ -	\$ -	\$ -	\$131,604
Payroll taxes and other employee benefits	24,753	-	-	-	24,753
Donated occupancy and administrative service fees	-	89,946	3,262	93,208	93,208
Professional fees	16,050	11,000	-	11,000	27,050
Office supplies	3,063	-	-	-	3,063
Postage and shipping	356	-	-	-	356
Travel	214	-	-	-	214
Telephone and communications	2,644	-	-	-	2,644
Insurance	12,446	-	-	-	12,446
Dental supplies	6,581	-	-	-	6,581
Education and seminars	120	-	-	-	120
Mobile dental clinic repairs and maintenance	3,990	-	-	-	3,990
Advertising	1,781	-	-	-	1,781
Utilities	3,542	-	-	-	3,542
Fees and permits	188	-	-	-	188
Depreciation expense	36,793	-	-	-	36,793
Bad debt expense and provision for uncollectible accounts	1,194	-	-	-	1,194
Miscellaneous	3,523	-	-	-	3,523
Total Expenses	<u>\$248,842</u>	<u>\$ 100,946</u>	<u>\$ 3,262</u>	<u>\$104,208</u>	<u>\$353,050</u>

See notes to financial statements.

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

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$149,815	\$ -	\$ -	\$ -	\$149,815
Payroll taxes and other employee benefits	28,412	-	-	-	28,412
Donated occupancy and administrative service fees	-	92,416	3,352	95,768	95,768
Professional fees	18,060	10,800	-	10,800	28,860
Office supplies	2,186	-	-	-	2,186
Postage and shipping	438	-	-	-	438
Travel	354	-	-	-	354
Telephone and communications	1,956	-	-	-	1,956
Insurance	13,869	-	-	-	13,869
Dental supplies	9,472	-	-	-	9,472
Education and seminars	48	-	-	-	48
Mobile dental clinic repairs and maintenance	5,820	-	-	-	5,820
Advertising	50	-	-	-	50
Utilities	2,844	-	-	-	2,844
Fees and permits	1,230	-	-	-	1,230
Depreciation expense	37,410	-	-	-	37,410
Bad debt expense and provision for uncollectible accounts	1,828	-	-	-	1,828
Miscellaneous	4,180	-	-	-	4,180
Total Expenses	<u>\$277,972</u>	<u>\$ 103,216</u>	<u>\$ 3,352</u>	<u>\$106,568</u>	<u>\$384,540</u>

See notes to financial statements.

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

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (22,836)	\$ (7,978)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation expense	36,793	37,410
Bad debt expense	1,194	1,828
Gain on sale of property and equipment	-	(3,300)
(Increase) decrease in:		
Accounts receivable	(1,170)	(2,311)
Unconditional promises to give	(4,850)	(9,392)
Prepaid expenses	(765)	2,525
Increase (decrease) in:		
Accounts payable and accrued expenses	7,697	(1,808)
Due to The PRASAD Project, Inc.	(17)	(1,365)
Net Cash Provided By Operating Activities	<u>16,046</u>	<u>15,609</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of certificates of deposit	(113,049)	(1,155)
Proceeds from sale of property and equipment	-	3,300
Acquisition of property and equipment	(17,858)	(12,592)
Net Cash Used By Investing Activities	<u>(130,907)</u>	<u>(10,447)</u>
Net increase (decrease) in cash	(114,861)	5,162
Cash, beginning of year	<u>220,025</u>	<u>214,863</u>
<b>Cash, End of Year</b>	<u>\$105,164</u>	<u>\$220,025</u>

See notes to financial statements.



**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

PRASAD Children's Dental Health Program, Inc. (the "Organization") 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, 2018 and 2017, the Organization received 45% and 41%, respectively, of its total revenue and other support without donor restrictions through a grant agreement with The PRASAD Project, Inc. (Note 7).

**b - Investments and Fair Value Measurements**

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 net assets without donor restrictions unless their use is 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 net assets without donor restrictions 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.

**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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Unconditional Promises to Give and Contributions (continued)**

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 - Financial Statement Presentation**

The Organization's financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

**Net Assets With Donor Restrictions**

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**g - 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.

**h - Functional Allocation of Expenses**

Expenses are mainly applied directly to programs. Where applicable, some expenses have been allocated amongst management and general and fundraising based on a reasonable and consistent basis. The expenses that are allocated are donated occupancy and administrative service fees, which are allocated based on time and effort.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - 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.

**j - Subsequent Events**

The Organization has evaluated subsequent events through September 27, 2019, the date that the financial statements are considered available to be issued.

**k - Recent Accounting Pronouncements**

In 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the previous reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2017.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact of ASU 2016-02 on its financial statements.

**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those activities.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The Organization's financial assets as of December 31, 2018 available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year-End:	
Cash	\$105,164
Certificates of deposit	215,992
Accounts receivables	1,993
Unconditional promises to give	<u>52,362</u>
Total Financial Assets	<u>\$375,511</u>

**Note 3 - Certificates of Deposit**

At December 31, 2018, the Organization holds certificates of deposit with maturity dates of May 17, 2019 and July 18, 2019. As of December 31, 2017, the Organization held a certificate of deposit which matured May 17, 2018. Cost basis approximates fair value at December 31, 2018 and 2017.

**Note 4 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for future programs.

**Note 5 - Unconditional Promises to Give**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**Note 6 - Property and Equipment**

Property and equipment at December 31 consists of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Building and improvements	7-39 years	\$ 69,779	\$ 64,911
Computer hardware and software	5 years	16,022	17,015
Mobile dental clinic and automobile	10 years	330,208	330,208
Equipment	3 years	<u>45,427</u>	<u>32,437</u>
		461,436	444,571
Less: Accumulated depreciation		<u>(345,022)</u>	<u>(309,222)</u>
		<u>\$116,414</u>	<u>\$135,349</u>

**Note 7 - Funding and Service Agreement**

The Organization receives funding from The PRASAD Project, Inc., a not-for-profit organization located in New York State (Notes 1a and 7). The Organization received grant support totaling \$55,000 in 2018 and 2017.

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 \$93,208 (2018) and \$95,768 (2017).

**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 Note 7.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 9 - Related Organizations**

As discussed in Notes 1a and 7, 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, 2018, there were five other approved PRASAD Organizations. Four of these entities have obtained charitable status equivalent in India, Mexico, Spain, and Australia.