

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**



## 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, 2020 and 2019, 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 from 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, 2020 and 2019, 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.

**Emphasis of Matter**

As discussed in Note 11 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, PRASAD Children's Dental Health Program, Inc. has suspended some of its activities at the direction of the state and local governmental authorities. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
October 1, 2021

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

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$265,576	\$118,215
Certificates of deposit (Notes 1b and 3)	104,648	220,343
Accounts receivable (Note 1c)	1,900	950
Contributions receivable (Notes 1d and 5)		
Without donor restrictions	2,075	26,023
With donor restrictions	-	22,903
Prepaid expenses	9,025	10,152
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 6)	<u>47,170</u>	<u>86,073</u>
<b>Total Assets</b>	<u><u>\$430,394</u></u>	<u><u>\$484,659</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 14,897	\$ 16,140
Due to The PRASAD Project, Inc. (Note 8)	775	768
Loan payable - Paycheck Protection Program (Note 7)	<u>23,575</u>	<u>-</u>
Total Liabilities	<u>39,247</u>	<u>16,908</u>
Commitment and Contingency (Notes 8 and 11)		
Net Assets		
Without donor restrictions	391,147	444,848
With donor restrictions (Note 4)	<u>-</u>	<u>22,903</u>
Total Net Assets	<u>391,147</u>	<u>467,751</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$430,394</u></u>	<u><u>\$484,659</u></u>

See notes to financial statements.

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

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenue and Other Support (Note 1a)		
Third party medical insurance reimbursement	\$ 61,504	\$ 91,986
Contributions (Note 8)	101,562	112,299
Donated services and occupancy (Notes 8 and 9)	99,608	94,381
Interest and dividends	2,925	4,363
Other revenue	8,969	73
	<u>274,568</u>	<u>303,102</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>22,488</u>	<u>33,073</u>
Total Revenue and Other Support	<u>297,056</u>	<u>336,175</u>
Expenses (Note 8)		
Program Services	<u>241,449</u>	<u>234,298</u>
Supporting Services		
Management and general	105,867	101,376
Fundraising	3,441	3,205
Total Supporting Services	<u>109,308</u>	<u>104,581</u>
Total Expenses	<u>350,757</u>	<u>338,879</u>
Decrease in Net Assets Without Donor Restrictions	<u>(53,701)</u>	<u>(2,704)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	-	22,903
Net assets released from restrictions	(22,488)	(33,073)
Reversal of prior year contribution	(415)	-
	<u>(22,903)</u>	<u>(10,170)</u>
Decrease in net assets	(76,604)	(12,874)
Net assets, beginning of year	<u>467,751</u>	<u>480,625</u>
<b>Net Assets, End of Year</b>	<u><u>\$391,147</u></u>	<u><u>\$467,751</u></u>

See notes to financial statements.

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

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020					2019				
	Program Services	Supporting Services			Total Expenses	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total			Management and General	Fundraising	Total	
Salaries	\$115,693	\$ -	\$ -	\$ -	\$115,693	\$119,194	\$ -	\$ -	\$ -	\$119,194
Payroll taxes and other employee benefits	22,147	-	-	-	22,147	21,856	-	-	-	21,856
Donated occupancy and administrative service fees	-	94,867	3,441	98,308	98,308	-	88,376	3,205	91,581	91,581
Professional fees	7,691	11,000	-	11,000	18,691	10,384	13,000	-	13,000	23,384
Office supplies	3,443	-	-	-	3,443	3,338	-	-	-	3,338
Postage and shipping	1,024	-	-	-	1,024	578	-	-	-	578
Travel	389	-	-	-	389	1,871	-	-	-	1,871
Telephone and communications	1,541	-	-	-	1,541	1,707	-	-	-	1,707
Insurance	13,783	-	-	-	13,783	10,717	-	-	-	10,717
Dental supplies	15,555	-	-	-	15,555	7,558	-	-	-	7,558
Education and seminars	90	-	-	-	90	40	-	-	-	40
Mobile dental clinic repairs and maintenance	4,921	-	-	-	4,921	3,368	-	-	-	3,368
Advertising	3,587	-	-	-	3,587	2,276	-	-	-	2,276
Utilities	3,017	-	-	-	3,017	5,598	-	-	-	5,598
Fees and permits	812	-	-	-	812	493	-	-	-	493
Depreciation expense	38,903	-	-	-	38,903	38,899	-	-	-	38,899
Bad debt expense and provision for uncollectible accounts	6,558	-	-	-	6,558	3,633	-	-	-	3,633
Miscellaneous	2,295	-	-	-	2,295	2,788	-	-	-	2,788
<b>Total Expenses</b>	<b>\$241,449</b>	<b>\$ 105,867</b>	<b>\$ 3,441</b>	<b>\$109,308</b>	<b>\$350,757</b>	<b>\$234,298</b>	<b>\$ 101,376</b>	<b>\$ 3,205</b>	<b>\$104,581</b>	<b>\$338,879</b>

See notes to financial statements.

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

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$(76,604)	\$(12,874)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation expense	38,903	38,899
Bad debt expense	6,558	3,633
Reversal of prior year contribution	415	-
(Increase) decrease in:		
Accounts receivable	(7,508)	(2,650)
Contributions receivable	46,436	3,436
Prepaid expenses	1,127	(2,272)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,243)	(2,089)
Due to The PRASAD Project, Inc.	7	(123)
Net Cash Provided By Operating Activities	<u>8,091</u>	<u>25,960</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of certificates of deposit	(1,038)	(4,351)
Maturity of certificates of deposit	116,733	-
Acquisition of property and equipment	-	(8,558)
Net Cash Provided (Used) By Investing Activities	<u>115,695</u>	<u>(12,909)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from loan payable - Paycheck Protection Program	<u>23,575</u>	<u>-</u>
Net increase in cash	147,361	13,051
Cash, beginning of year	<u>118,215</u>	<u>105,164</u>
<b>Cash, End of Year</b>	<u>\$265,576</u>	<u>\$118,215</u>

See notes to financial statements.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****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, 2020 and 2019, the Organization received 53% and 44%, respectively, of its total revenue and other support without donor restrictions through a grant agreement with The PRASAD Project, Inc. (Note 8).

**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.



**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Contributions Receivable and Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give that have a measurable performance, related or other barrier and right of return, are not recognized until the conditions on which they depend have been met. 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. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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 contributions receivable. 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 accounting principles generally accepted in the United States of America ("U.S. GAAP"), 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.

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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.

**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 October 1, 2021, the date that the financial statements are considered available to be issued.

**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.

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 ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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

The Organization's financial assets as of December 31, 2020 and 2019 available to meet cash needs for general expenditures within one year are summarized as follows:

	<b>2020</b>	<b>2019</b>
Financial Assets at Year End:		
Cash	\$265,576	\$118,215
Certificates of deposit	104,648	220,343
Accounts receivables	1,900	950
Contributions receivable	2,075	48,926
Financial Assets Available to Meet General Expenditures within One Year	<b>\$374,199</b>	<b>\$388,434</b>

**Note 3 - Certificates of Deposit**

At December 31, 2020, the Organization held a certificate of deposit with a maturity date of November 11, 2021. At December 31, 2019, the Organization held certificates of deposit with maturity dates of August 23, 2020 and February 11, 2021. Cost basis approximates fair value at December 31, 2020 and 2019.

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

Net assets with donor restrictions at December 31, 2019 were restricted for 2020 programs.

**Note 5 - Contributions Receivable**

Contributions receivable are due in less than one year. Uncollectible contributions receivable are expected to be insignificant.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 6 - Property and Equipment**

Property and equipment at December 31 consists of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Building and improvements	7-39 years	\$ 78,337	\$ 78,337
Computer hardware and software	5 years	16,022	16,022
Mobile dental clinic and automobile	10 years	330,208	330,208
Equipment	3 years	<u>45,427</u>	<u>45,427</u>
		469,994	469,994
Less: Accumulated depreciation		<u>(422,824)</u>	<u>(383,921)</u>
		<u>\$ 47,170</u>	<u>\$ 86,073</u>

**Note 7 - Loan Payable - Paycheck Protection Program**

On July 15, 2020, the Organization received a loan totaling \$23,575 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan bears interest at 1% per annum, is due on July 15, 2022 and may be forgiven if the Organization meets certain retention requirements and the funds are used for eligible expenses. The full amount of the loan was forgiven on July 30, 2021.

**Note 8 - 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 10). The Organization received grant support totaling \$55,000 in 2020 and 2019.

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 \$98,308 (2020) and \$91,581 (2019).

**PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 9 - 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 8.

**Note 10 - Related Organizations**

As discussed in Notes 1a and 8, 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, 2020, there were five other approved PRASAD Organizations. Four of these entities have obtained charitable status equivalent in India, Mexico, Spain, and Australia.

**Note 11 - Risks and Uncertainties**

In March 2020, the United States declared the COVID-19 global pandemic a national emergency, and New York State issued a mandatory lockdown. In concert, the Organization closed its mobile dental clinic and directed certain staff to work from home. The Organization also took steps to mitigate the negative financial impact by cutting budgets and receiving funding via the Federal CARES Act (Note 7). After several months, the Organization was able to reopen its mobile dental clinic and continue providing services on a limited basis. With these steps, and continuing oversight, management believes that its resources are sufficient to sustain ongoing operations.