

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
PRASAD Children's Dental Health Program, Inc.

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PRASAD Children's Dental Health Program, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PRASAD Children's Dental Health Program, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 PRASAD Children's Dental Health Program, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PRASAD Children's Dental Health Program, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lotz + Carr, LLP

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash (Note 8)	\$239,056	\$265,576
Certificates of deposit (Notes 1b, 3 and 8)	104,741	104,648
Accounts receivable (Note 1c)	800	1,900
Contributions receivable (Notes 1d and 4)		
Without donor restrictions	14,641	2,075
Prepaid expenses	12,441	9,025
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	<u>28,285</u>	<u>47,170</u>
Total Assets	<u><u>\$399,964</u></u>	<u><u>\$430,394</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 10,112	\$ 14,897
Due to The PRASAD Project, Inc.	1,427	775
Loan payable - Paycheck Protection Program (Note 6)	<u>-</u>	<u>23,575</u>
Total Liabilities	11,539	39,247
Net Assets		
Without donor restrictions	<u>388,425</u>	<u>391,147</u>
Total Liabilities and Net Assets	<u><u>\$399,964</u></u>	<u><u>\$430,394</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Other Support (Note 1a)		
Third party medical insurance reimbursement	\$ 62,659	\$ 61,504
Contributions (Notes 6 and 7)	184,535	101,562
Donated services and occupancy (Note 7)	110,254	99,608
Interest and dividends	115	2,925
Other revenue	3,055	8,969
	<u>360,618</u>	<u>274,568</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	-	22,488
	<u>-</u>	<u>22,488</u>
Total Revenue and Other Support	<u>360,618</u>	<u>297,056</u>
Expenses (Note 7)		
Program Services	<u>243,086</u>	<u>241,449</u>
Supporting Services		
Management and general	116,570	105,867
Fundraising	3,684	3,441
Total Supporting Services	<u>120,254</u>	<u>109,308</u>
Total Expenses	<u>363,340</u>	<u>350,757</u>
Decrease in Net Assets Without Donor Restrictions	<u>(2,722)</u>	<u>(53,701)</u>
Changes in Net Assets With Donor Restrictions		
Net assets released from restrictions	-	(22,488)
Reversal of prior year contribution	-	(415)
	<u>-</u>	<u>(22,903)</u>
Decrease in Net Assets With Donor Restrictions	<u>-</u>	<u>(22,903)</u>
Decrease in net assets	(2,722)	(76,604)
Net assets, beginning of year	<u>391,147</u>	<u>467,751</u>
Net Assets, End of Year	<u><u>\$388,425</u></u>	<u><u>\$391,147</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020					
	Program Services	Supporting Services			Total Expenses	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total			Management and General	Fundraising	Total	
Salaries	\$133,364	\$ -	\$ -	\$ -	\$133,364	\$115,693	\$ -	\$ -	\$ -	\$115,693
Payroll taxes and other employee benefits	23,029	-	-	-	23,029	22,147	-	-	-	22,147
Donated occupancy and administrative service fees	-	101,570	3,684	105,254	105,254	-	94,867	3,441	98,308	98,308
Professional fees	6,813	15,000	-	15,000	21,813	7,691	11,000	-	11,000	18,691
Office supplies	2,371	-	-	-	2,371	3,443	-	-	-	3,443
Postage and shipping	289	-	-	-	289	1,024	-	-	-	1,024
Travel	-	-	-	-	-	389	-	-	-	389
Telephone and communications	1,629	-	-	-	1,629	1,541	-	-	-	1,541
Insurance	16,349	-	-	-	16,349	13,783	-	-	-	13,783
Dental supplies	9,172	-	-	-	9,172	15,555	-	-	-	15,555
Education and seminars	-	-	-	-	-	90	-	-	-	90
Mobile dental clinic repairs and maintenance	8,039	-	-	-	8,039	4,921	-	-	-	4,921
Advertising	8,204	-	-	-	8,204	3,587	-	-	-	3,587
Utilities	3,328	-	-	-	3,328	3,017	-	-	-	3,017
Fees and permits	1,033	-	-	-	1,033	812	-	-	-	812
Depreciation expense	23,284	-	-	-	23,284	38,903	-	-	-	38,903
Bad debt expense and provision for uncollectible accounts	3,704	-	-	-	3,704	6,558	-	-	-	6,558
Miscellaneous	2,478	-	-	-	2,478	2,295	-	-	-	2,295
Total Expenses	\$243,086	\$ 116,570	\$ 3,684	\$120,254	\$363,340	\$241,449	\$ 105,867	\$ 3,441	\$109,308	\$350,757

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (2,722)	\$ (76,604)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation expense	23,284	38,903
Bad debt expense	3,704	6,558
Forgiveness of loan payable - Paycheck Protection Program	(23,575)	-
Reversal of prior year contribution	-	415
(Increase) decrease in:		
Accounts receivable	(2,604)	(7,508)
Contributions receivable	(12,566)	46,436
Prepaid expenses	(3,416)	1,127
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,785)	(1,243)
Due to The PRASAD Project, Inc.	652	7
Net Cash Provided (Used) By Operating Activities	<u>(22,028)</u>	<u>8,091</u>
 Cash Flows From Investing Activities		
Purchase of certificates of deposit	(104,741)	(1,038)
Maturity of certificates of deposit	104,648	116,733
Purchase of property and equipment	(4,399)	-
Net Cash Provided (Used) By Investing Activities	<u>(4,492)</u>	<u>115,695</u>
 Cash Flows From Financing Activities		
Proceeds from loan payable - Paycheck Protection Program	<u>-</u>	<u>23,575</u>
Net increase (decrease) in cash	(26,520)	147,361
Cash, beginning of year	<u>265,576</u>	<u>118,215</u>
 Cash, End of Year	 <u><u>\$239,056</u></u>	 <u><u>\$265,576</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****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, 2021 and 2020, the Organization received 51% (2021) and 53% (2020) 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.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****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 Trustees.

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, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Revenue Recognition**

Revenue related to services provided by the organization are accounted for as exchange transactions under U.S. GAAP and recognized during the period the related services are performed.

h - Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i - 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.

j - 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.

k - Subsequent Events

The Organization has evaluated subsequent events through November 3, 2022, 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.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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 ninety 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, 2021 and 2020 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash	\$239,056	\$265,576
Certificates of deposit	104,741	104,648
Accounts receivable	800	1,900
Contributions receivable	<u>14,641</u>	<u>2,075</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$359,238</u>	<u>\$374,199</u>

Note 3 - Certificates of Deposit

At December 31, 2021, the Organization held a certificate of deposit with a maturity date of May 15, 2022. At December 31, 2020, the Organization held a certificate of deposit with a maturity date of November 11, 2021. Cost basis approximates fair value at December 31, 2021 and 2020.

Note 4 - 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, 2021 AND 2020

Note 5 - Property and Equipment

Property and equipment at December 31 consists of the following:

	<u>Life</u>	<u>2021</u>	<u>2020</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	334,607	330,208
Equipment	3 years	<u>45,427</u>	<u>45,427</u>
		474,393	469,994
Less: Accumulated depreciation		<u>(446,108)</u>	<u>(422,824)</u>
		<u>\$ 28,285</u>	<u>\$ 47,170</u>

Note 6 - Loans Payable - Paycheck Protection Program

On July 15, 2020, the Organization received a loan totaling \$23,575 under the Paycheck Protection Program ("PPP") 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.

On April 17, 2021, the Organization received a second PPP loan totaling \$24,671. The loan included the same forgiveness provisions as the first PPP loan. The full amount of the loan was forgiven on September 28, 2021.

Accordingly, loan forgiveness revenue totaling \$48,246 was recognized for 2021 and is included in contributions in the accompanying statement of activities.

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 9). The Organization received grant support totaling \$80,000 in 2021 and \$55,000 in 2020.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 7 - Funding and Service Agreement (continued)**

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 from The PRASAD Project, Inc. in the amount of \$105,254 (2021) and \$98,308 (2020), in addition to donated legal services of \$5,000 (2021) and \$1,300 (2020).

Note 8 - Concentration of Credit Risk

The Organization maintains its cash and certificates of deposit at a financial institution in New York. The balances, up to certain limits, are insured by the Federal Deposit Insurance Corporation. Balances commonly exceed these limits.

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, 2021, there were five other approved PRASAD Organizations. Four of these entities have obtained charitable status equivalent in India, Mexico, Spain, and Australia.