

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022



LUTZ AND GARR

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Lutz + Carr, LLP

New York, New York
October 11, 2024

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash (Note 8)	\$ 644,466	\$ 650,291
Certificates of deposit (Notes 1b, 3 and 8)	-	104,751
Accounts receivable (Note 1c)	5,499	7,999
Contributions receivable (Notes 1d and 5)		
Without donor restrictions	34,162	32,551
With donor restrictions	-	180,000
Prepaid expenses	9,052	8,600
Property and equipment, at cost, net of accumulated depreciation and amortization (Notes 1e and 6)	<u>494,504</u>	<u>22,301</u>
Total Assets	<u><u>\$1,187,683</u></u>	<u><u>\$1,006,493</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 108,152	\$ 15,892
Due to The PRASAD Project, Inc.	<u>3,647</u>	<u>1,571</u>
Total Liabilities	<u>111,799</u>	<u>17,463</u>
Net Assets		
Without donor restrictions	473,213	389,030
With donor restrictions (Note 4)	<u>602,671</u>	<u>600,000</u>
Total Net Assets	<u>1,075,884</u>	<u>989,030</u>
Total Liabilities and Net Assets	<u><u>\$1,187,683</u></u>	<u><u>\$1,006,493</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Other Support (Note 1a)		
Third party medical insurance reimbursement	\$ 97,310	\$ 78,668
Contributions	126,766	182,780
Donated services and occupancy (Note 7)	128,695	95,001
Interest income	4,610	36
	<u>357,381</u>	<u>356,485</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	127,329	-
	<u>484,710</u>	<u>356,485</u>
Total Revenue and Other Support		
Expenses (Note 7)		
Program Services	259,332	248,404
Supporting Services		
Management and general	136,743	104,203
Fundraising	4,452	3,273
Total Supporting Services	<u>141,195</u>	<u>107,476</u>
Total Expenses	<u>400,527</u>	<u>355,880</u>
Increase in Net Assets Without Donor Restrictions	<u>84,183</u>	<u>605</u>
Changes in Net Assets With Donor Restrictions		
Contributions	130,000	600,000
Net assets released from restrictions	<u>(127,329)</u>	<u>-</u>
Increase in Net Assets With Donor Restrictions	<u>2,671</u>	<u>600,000</u>
Increase in net assets	86,854	600,605
Net assets, beginning of year	<u>989,030</u>	<u>388,425</u>
Net Assets, End of Year	<u><u>\$1,075,884</u></u>	<u><u>\$989,030</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023					2022				
	Program Services	Supporting Services			Total Expenses	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total			Management and General	Fundraising	Total	
Salaries	\$129,796	\$ -	\$ -	\$ -	\$129,796	\$131,811	\$ -	\$ -	\$ -	\$131,811
Payroll taxes and other employee benefits	15,561	-	-	-	15,561	14,767	-	-	-	14,767
Donated occupancy and administrative service fees	-	122,743	4,452	127,195	127,195	-	90,228	3,273	93,501	93,501
Professional fees	19,937	14,000	-	14,000	33,937	16,847	13,975	-	13,975	30,822
Office supplies	2,181	-	-	-	2,181	3,622	-	-	-	3,622
Postage and shipping	454	-	-	-	454	666	-	-	-	666
Travel	1,520	-	-	-	1,520	125	-	-	-	125
Telephone and communications	2,407	-	-	-	2,407	1,886	-	-	-	1,886
Insurance	13,890	-	-	-	13,890	17,828	-	-	-	17,828
Dental supplies	11,168	-	-	-	11,168	22,633	-	-	-	22,633
Education and seminars	538	-	-	-	538	114	-	-	-	114
Mobile dental clinic repairs and maintenance	3,184	-	-	-	3,184	6,170	-	-	-	6,170
Advertising	4,852	-	-	-	4,852	9,079	-	-	-	9,079
Utilities	2,807	-	-	-	2,807	2,560	-	-	-	2,560
Fees and permits	686	-	-	-	686	1,158	-	-	-	1,158
Depreciation and amortization expense	19,262	-	-	-	19,262	5,984	-	-	-	5,984
Bad debt expense and provision for uncollectible accounts	28,045	-	-	-	28,045	9,718	-	-	-	9,718
Miscellaneous	3,044	-	-	-	3,044	3,436	-	-	-	3,436
Total Expenses	<u>\$259,332</u>	<u>\$ 136,743</u>	<u>\$ 4,452</u>	<u>\$141,195</u>	<u>\$400,527</u>	<u>\$248,404</u>	<u>\$ 104,203</u>	<u>\$ 3,273</u>	<u>\$107,476</u>	<u>\$355,880</u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 86,854	\$600,605
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	19,262	5,984
Bad debt expense	28,045	9,718
(Increase) decrease in:		
Accounts receivable	(25,545)	(16,917)
Contributions receivable	178,389	(197,910)
Prepaid expenses	(452)	3,841
Increase in:		
Accounts payable and accrued expenses	92,260	5,780
Due to The PRASAD Project, Inc.	2,076	144
Net Cash Provided By Operating Activities	<u>380,889</u>	<u>411,245</u>
Cash Flows From Investing Activities		
Purchase of certificates of deposit	-	(104,751)
Maturity of certificates of deposit	104,751	104,741
Purchase of property and equipment	<u>(491,465)</u>	<u>-</u>
Net Cash Used By Investing Activities	<u>(386,714)</u>	<u>(10)</u>
Net increase (decrease) in cash	(5,825)	411,235
Cash, beginning of year	<u>650,291</u>	<u>239,056</u>
Cash, End of Year	<u><u>\$644,466</u></u>	<u><u>\$650,291</u></u>

See notes to financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023 AND 2022****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.

The Organization received 19% and 18%, respectively, of its total revenue and other support without donor restrictions through a grant agreement with The PRASAD Project, Inc. for the years ending December 31, 2023 and 2022, respectively (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

Accounts receivable consist of amounts due for dental clinic patient services from third-party insurance payors, less an estimated allowance for credit losses based on a review of all outstanding amounts. The Organization determines the allowance for credit losses based on historical experience, an assessment of current economic conditions, and a review of subsequent collections. As of December 31, 2023 the allowance totaled \$12,050. As of December 31, 2022, no allowance was deemed necessary.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023 AND 2022****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 and amortization are 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, 2023 AND 2022****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 October 11, 2024, the date that the financial statements are considered available to be issued.

l - New Accounting Pronouncement

During 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (the "ASU"). The ASU significantly changes the way organizations measure credit losses for certain financial assets, from the incurred loss model to the expected loss model. The expected loss model requires immediate recognition of estimated credit losses expected to occur. The financial asset held by the Organization that is subject to the ASU is accounts receivable. The adoption of the ASU did not have a significant impact on the financial statements.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each 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.

The Organization's financial assets as of December 31, 2023 and 2022 available to meet cash needs for general expenditures within one year are summarized as follows:

	2023	2022
Financial Assets at Year End:		
Cash	\$644,466	\$650,291
Certificates of deposit	-	104,751
Accounts receivable	5,499	7,999
Contributions receivable	34,162	212,551
Total Financial Assets	684,127	975,592
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(602,671)	-
Plus: Net assets with donor restrictions expected to be met in less than one year	602,671	-
Financial Assets Available to Meet General Expenditures within One Year	\$684,127	\$975,592

Note 3 - Certificates of Deposit

At December 31, 2022, the Organization held a certificate of deposit which matured in February 2023. Cost basis approximates fair value at December 31, 2022.

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 4 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2023 and 2022 are restricted for the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purposes:		
Purchase of new mobile dental clinic (Note 6)	\$449,584	\$600,000
Purchase of office vehicle	23,087	-
Subject to expenditure in future periods	<u>130,000</u>	<u>-</u>
Total Net Assets With Donor Restrictions	<u>\$602,671</u>	<u>\$600,000</u>

During the year ended December 31, 2023, a portion of a donor restricted contribution received in 2022, to purchase a new mobile dental was redesignated by the donor for other purposes based on the final estimated cost of the new mobile dental clinic.

Note 5 - Contributions Receivable

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

Note 6 - Property and Equipment

Property and equipment at December 31 consists of the following:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Building and improvements	7-39 years	\$ 81,572	\$ 78,337
Computer hardware and software	5 years	23,561	16,022
Mobile dental clinic and automobile	10 years	334,607	334,607
Mobile dental clinic	In progress	360,467	-
Equipment	3 years	<u>165,651</u>	<u>45,427</u>
		965,858	474,393
Less: Accumulated depreciation and amortization		<u>(471,354)</u>	<u>(452,092)</u>
		<u>\$494,504</u>	<u>\$ 22,301</u>

PRASAD CHILDREN'S DENTAL HEALTH PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023 AND 2022****Note 7 - Funding and Service Agreement and Donated Services**

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 \$360 in 2023 and \$65,000 in 2022.

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 and occupancy from The PRASAD Project, Inc. in the amount of \$127,195 (2023) and \$93,501 (2023).

In addition, the Organization received donated legal services in the amount of \$1,500 (2023) and \$1,500 (2022).

Donated services and occupancy from The PRASAD Project, Inc. are valued based on the costs incurred. Donated legal services are valued by the service provider based on rates charged for similar services. The Organization utilizes donated services and occupancy in its supporting services.

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, 2023, there were five other approved PRASAD Organizations. These entities have obtained charitable status equivalent in India, Mexico, Spain, France, and Australia.