

**THE PRASAD PROJECT, INC.**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**DECEMBER 31, 2010 AND 2009**

**THE PRASAD PROJECT, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The PRASAD Project, Inc.

We have audited the accompanying statements of financial position of The PRASAD Project, Inc. (a not-for-profit corporation) as of December 31, 2010 and 2009, 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 The PRASAD Project, Inc. as of December 31, 2010 and 2009, 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 16, 2011

**THE PRASAD PROJECT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 9)	\$ 344,250	\$ 541,764
Due from CDHP-NY (Note 5b)	35,828	33,447
Unconditional promises to give - unrestricted (Notes 1c and 2)	12,635	24,799
Investments (Notes 1d and 3)	1,141,498	1,044,433
Prepaid expenses	6,347	5,994
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 4)	10,714	16,273
Security deposits	<u>3,420</u>	<u>3,420</u>
<b>Total Assets</b>	<u><u>\$1,554,692</u></u>	<u><u>\$1,670,130</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 30,873	\$ 37,316
Commitments (Note 5)		
Net Assets		
Unrestricted	<u>1,523,819</u>	<u>1,632,814</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,554,692</u></u>	<u><u>\$1,670,130</u></u>

See notes to financial statements.

## THE PRASAD PROJECT, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Changes in Unrestricted Net Assets</b>		
Operating Activities		
Revenues, Gains and Other Support		
Contributions	\$ 720,511	\$ 733,403
Donated securities (Note 6)	3,500	6,000
Interest and dividend income	1,896	339
Other income	411	60
	<u>726,318</u>	<u>739,802</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	-	46,351
	<u>-</u>	<u>46,351</u>
Total Revenues, Gains and Other Support	<u>726,318</u>	<u>786,153</u>
Expenses		
Program Services		
Sullivan County Dental	186,284	235,252
Tansa Valley	124,372	220,374
Constituency Education	103,369	116,032
Mexico and Other Affiliates	99,581	89,449
Disaster Relief	70,476	-
Total Program Services	<u>584,082</u>	<u>661,107</u>
Supporting Services		
Management and general	47,313	49,558
Fundraising	42,968	48,042
Total Supporting Services	<u>90,281</u>	<u>97,600</u>
Total Expenses	<u>674,363</u>	<u>758,707</u>
Increase in Unrestricted Net Assets from Operations	51,955	27,446
Non-Operating Activities		
Net investment income (loss) (Note 3)	<u>(160,950)</u>	<u>253,367</u>
Increase (Decrease) in Unrestricted Net Assets	(108,995)	280,813
<b>Changes in Temporarily Restricted Net Assets</b>		
Net assets released from restrictions	<u>-</u>	<u>(46,351)</u>
Increase (decrease) in net assets	(108,995)	234,462
Net assets, beginning of year	<u>1,632,814</u>	<u>1,398,352</u>
<b>Net Assets, End of Year</b>	<u><u>\$1,523,819</u></u>	<u><u>\$1,632,814</u></u>

See notes to financial statements.

**THE PRASAD PROJECT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (108,995)	\$ 234,462
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,118	9,167
Realized and unrealized (gain) loss on investments	161,441	(250,407)
Donated securities	(7,242)	-
(Increase) decrease in:		
Due from CDHP-NY	(2,381)	78,065
Unconditional promises to give	12,164	(2,913)
Prepaid expenses	(353)	861
Decrease in accounts payable and accrued expenses	(6,443)	(3,649)
Net Cash Provided By Operating Activities	<u>55,309</u>	<u>65,586</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	756,338	1,522,798
Purchase of investments	(1,007,602)	(1,525,873)
Acquisition of property and equipment	(1,559)	-
Net Cash Used By Investing Activities	<u>(252,823)</u>	<u>(3,075)</u>
Net increase (decrease) in cash and cash equivalents	(197,514)	62,511
Cash and cash equivalents, beginning of year	<u>541,764</u>	<u>479,253</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 344,250</u>	<u>\$ 541,764</u>

See notes to financial statements.

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

The PRASAD Project, Inc. was incorporated in the state of New York on March 13, 1992. PRASAD is an acronym that stands for Philanthropic Relief, Altruistic Service and Development. Its work began in the Tansa Valley of Maharashtra State, India. Working in partnership with people in need and their communities, PRASAD's mission is to help improve the quality of life and offer opportunities for self-reliance. Its areas of focus are rural family health, eye care, nutrition, clean water, community assistance, and education. In addition to operating its own programs, The PRASAD Project, Inc. collaborates with related PRASAD organizations in India, Europe, Mexico and Australia on programs which include cataract eye operations, an HIV program, a tuberculosis program, and a maternal child health program. A hospital was opened in the village of Ganeshpuri in 2003, which operates a mobile clinic that travels to the rural area offering medical care to the villagers and community development work, including self-help groups and a water harvesting program.

Restorative dental care is provided by related organizations in New York utilizing PRASAD's Mobile Dental Clinic. The clinic is fully staffed and is equipped with two operatories. In addition to clinic procedures, dental health education continued in local schools, through classes and fluoride rinse and tablet programs.

In Mexico, eye camps continue to be held by a related organization, offering sight-restoring cataract surgery in alliance with APEC, Conde de la Valencia and over 50 medical volunteers.

b - Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments, purchased with original maturities of three months or less, to be cash equivalents, except for money market accounts held in the Organization's investment portfolio as part of its long-term investment strategies.

c - 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.

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

d - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities.

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). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy is used that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

All of the Organization's investments are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

e - Property and Equipment

Furniture, equipment and leasehold improvements are reflected 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, or in the case of leasehold improvements, over the life of the lease, if shorter.

f - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**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 - Tax Status

The PRASAD Project, 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.

i - Subsequent Events

The Organization has evaluated subsequent events through August 16, 2011, the date that the financial statements are considered available to be issued.

**Note 2 - Unconditional Promises to Give**

Unconditional promises to give at December 31, 2010 are due within one year. Uncollectible promises to give are expected to be insignificant.

**Note 3 - Investments**

Investments at December 31, 2010 and 2009 are all classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Marketable securities	\$ 7,242	\$ 7,242	\$ -	\$ -
Mutual funds	137,811	246,448	1,424	1,618
Certificate of deposit	251,742	251,742	-	-
Money market funds	<u>744,703</u>	<u>744,703</u>	<u>1,043,009</u>	<u>1,043,009</u>
	<u>\$1,141,498</u>	<u>\$1,250,135</u>	<u>\$1,044,433</u>	<u>\$1,044,627</u>

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**Note 3 - Investments (continued)**

Net investment income for the years ended December 31, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 491	\$ 2,960
Realized gain (loss) on sale of investments	(52,998)	144,945
Unrealized gain (loss) on investments	<u>(108,443)</u>	<u>105,462</u>
	<u>\$ (160,950)</u>	<u>\$ 253,367</u>

**Note 4 - Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2010</u>	<u>2009</u>
Mobile dental clinic	10 years	\$258,871	\$258,871
Furniture and equipment	3-10 years	95,054	94,085
Computer equipment and website	3-5 years	64,755	64,165
Leasehold improvements	Life of lease	<u>104,141</u>	<u>104,141</u>
		522,821	521,262
Less: Accumulated depreciation		<u>(512,107)</u>	<u>(504,989)</u>
		<u>\$ 10,714</u>	<u>\$ 16,273</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was \$7,118 and \$9,167, respectively.

**Note 5 - Commitments**

a - Office lease

The Organization occupies office space under a lease with the SYDA Foundation that expires December 31, 2011 and requires rental payments totaling \$23,700 for 2011.

Rent expense for each of the years ended December 31, 2010 and 2009 was \$23,700, respectively.

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**Note 5 - Commitments (continued)**

b - Funding and Service Agreements

In May 2000, the Organization entered into an arrangement with PRASAD Children's Dental Health Program, Inc. ("CDHP-NY"), a New York not-for-profit corporation, to provide dental services to the indigent pediatric population of New York State. Under an administrative support and use of assets agreement, the Organization provides use of a mobile dental clinic, and all administrative and supervisory services necessary, as well as equipment, computers, software, furniture and supplies reasonably required to provide the dental services (Note 4). The Organization makes grants to CDHP-NY towards the furtherance of its purpose.

The Organization made grants to CDHP-NY totaling \$84,108 during the year ended December 31, 2010 that consisted of current year grant payments. During the year ended December 31, 2009, the Organization made grants totaling CDHP-NY \$133,621 that consisted of current year grant payments of \$55,000 and forgiveness of prior year receivables in the amount of \$78,621. The Organization provided additional donated materials and services in the amount of \$102,176 (2010) and \$101,631 (2009).

**Note 6 - Donated Services**

Donated services for the years ended December 31, 2010 and 2009 consist of legal services.

**Note 7 - Grants**

The Board of Directors approved the following grants during 2010 and 2009:

	<u>2010</u>	<u>2009</u>
PRASAD Children's Dental Health Program, Inc. (Note 5) Program Support	\$ 84,108	\$133,621
PRASAD Chikitsa, a public charitable trust created in India Disaster Relief Grants- tsunami Relief Program Support	34,400	132,277
PRASAD de Mexico, a public charitable trust created in Mexico Disaster relief grants and program support	300	-
	<u>69,481</u>	<u>-</u>
Total Grants	<u>\$188,289</u>	<u>\$265,898</u>

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

**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 - Concentration of Credit Risk**

The Organization maintains its cash and cash equivalents at financial institutions in New York. The cash balances up to certain limits are insured by the Federal Deposit Insurance Corporation. Balances commonly exceed these limits.

**Note 10 - 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.

**Note 11 - Related Organizations**

The PRASAD Project, Inc. represents the *Worldwide PRASAD Organization* which seeks to build a highly diversified movement of organizations to improve the quality of life and create opportunities for self-reliance.

As of December 31, 2010, there were seven approved PRASAD Organizations conducting operations. One is a tax-exempt organization that provides dental services to the indigent pediatric population of New York State. Five entities have obtained charitable status equivalent in India, Mexico, Italy, Spain, and Australia. The PRASAD Project, Inc. shares no more than one common member on the Board of Trustees of each of these entities, and accordingly, the transactions of these entities have not been included in the accompanying financial statements.

The PRASAD Project, Inc. provides support to these entities by providing funding for start-up costs, obtaining donated materials, and providing services and on-going program support.

**ADDITIONAL INFORMATION**



**LUTZ AND CARR**

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**INDEPENDENT AUDITORS' REPORT ON  
ADDITIONAL INFORMATION**

To the Board of Directors of  
The PRASAD Project, Inc.

Our report on our audits of the basic financial statements of The PRASAD Project, Inc. for 2010 and 2009 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended December 31, 2010 with comparative totals for 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lutz + Carr, LLP*

New York, New York  
August 16, 2011

## THE PRASAD PROJECT, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services					Supporting Services			2010	2009	
	Sullivan County Dental	Tansa Valley	Constituency Education	Mexico & Other Affiliates	Disaster Relief	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 56,927	\$ 49,341	\$ 50,246	\$ 55,138	\$ -	\$211,652	\$ 26,362	\$ 13,738	\$40,100	\$251,752	\$237,601
Payroll taxes and employee benefits	10,233	8,806	9,004	9,853	-	37,896	4,802	2,446	7,248	45,144	41,906
Insurance	2,202	1,980	1,963	2,145	-	8,290	2,179	555	2,734	11,024	9,022
Direct program support to CDHP-NY	84,108	-	-	-	-	84,108	-	-	-	84,108	133,621
Direct program support to PRASAD Chikitsa	-	34,400	-	-	-	34,400	-	-	-	34,400	132,277
Direct program support to PRASAD de Mexico	-	-	-	300	-	300	-	-	-	300	-
Disaster relief grants and program support	-	-	-	-	69,481	69,481	-	-	-	69,481	-
Computer supplies	2,183	1,887	1,921	2,110	-	8,101	1,849	527	2,376	10,477	10,391
Travel	1,071	1,340	979	1,069	-	4,459	665	278	943	5,402	6,372
Printing	7	5	6,993	5	-	7,010	3	2	5	7,015	10,075
Photos/slides, graphic design	-	-	-	-	-	-	-	-	-	-	32
Utilities	1,355	1,162	1,190	1,295	-	5,002	1,188	312	1,500	6,502	6,048
Telephone/fax/e-mail	1,803	1,565	1,597	1,761	-	6,726	1,328	429	1,757	8,483	7,912
Office supplies	1,034	925	933	1,056	-	3,948	548	309	857	4,805	5,155
Postage/shipping	1,194	1,072	5,392	1,103	-	8,761	606	673	1,279	10,040	12,916
Repairs and maintenance	1,611	1,346	1,411	1,542	-	5,910	917	361	1,278	7,188	10,614
Books/subscriptions	31	26	27	28	-	112	15	9	24	136	103
Professional fees/legal	1,078	999	1,105	1,059	-	4,241	270	-	270	4,511	6,000
Professional fees/accounting	3,585	3,322	3,674	3,522	-	14,103	898	-	898	15,001	15,000
Professional fees/other	7,478	6,931	7,664	7,347	-	29,420	1,873	20,910	22,783	52,203	66,064
Advertising	-	-	-	-	-	-	-	-	-	-	1,923
Fees/permits	123	114	109	8	-	354	-	20	20	374	1,207
Meetings and venues	443	406	395	431	-	1,675	189	94	283	1,958	1,334
Rent	5,342	4,635	4,715	5,171	-	19,863	2,543	1,294	3,837	23,700	23,700
Miscellaneous	3,005	2,590	2,634	2,876	995	12,100	422	719	1,141	13,241	10,267
Depreciation and amortization	1,471	1,520	1,417	1,762	-	6,170	656	292	948	7,118	9,167
Total Expenses, 2010	<u>\$186,284</u>	<u>\$124,372</u>	<u>\$ 103,369</u>	<u>\$ 99,581</u>	<u>\$70,476</u>	<u>\$584,082</u>	<u>\$ 47,313</u>	<u>\$ 42,968</u>	<u>\$90,281</u>	<u>\$674,363</u>	
Total Expenses, 2009	<u>\$235,252</u>	<u>\$220,374</u>	<u>\$ 116,032</u>	<u>\$ 89,449</u>	<u>\$ -</u>	<u>\$661,107</u>	<u>\$ 49,558</u>	<u>\$ 48,042</u>	<u>\$97,600</u>		<u>\$758,707</u>

See independent auditors' report on additional information.