

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2016 AND 2015**

# THE PRASAD PROJECT, INC. AND SUBSIDIARY

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The PRASAD Project, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The PRASAD Project, Inc. and Subsidiary as of December 31, 2016 and 2015, 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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Report on Consolidating Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown as supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Lotz + Carr, LLP*

New York, New York  
August 11, 2017

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

|   | <u>2016</u>                      | <u>2015</u>                      |
|---|----------------------------------|----------------------------------|
| <b>Assets</b>   |                                  |                                  |
| Cash and cash equivalents (Notes 1c and 11)                                       | \$ 498,753                       | \$ 509,132                       |
| Certificates of deposit (Notes 1e and 2)  | 203,576                          | 201,006                          |
| Accounts receivable   | 1,474                            | 3,223                            |
| Unconditional promises to give (Notes 1d and 4)                                   |                                  |                                  |
| Unrestricted  | 44,323                           | 28,321                           |
| Temporarily restricted  | 22,338                           | 18,698                           |
| Prepaid expenses  | 15,395                           | 18,380                           |
| Investments (Notes 1e and 5)  | 1,669,086                        | 1,607,394                        |
| Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 6) | 169,266                          | 210,208                          |
| Security deposits   | 3,420                            | 3,420                            |
|   | <u>                    </u>      | <u>                    </u>      |
| <b>Total Assets</b>   | <b><u><u>\$2,627,631</u></u></b> | <b><u><u>\$2,599,782</u></u></b> |
| <b>Liabilities and Net Assets</b>   |                                  |                                  |
| Liabilities   |                                  |                                  |
| Accounts payable and accrued expenses   | <u>\$ 49,550</u>                 | <u>\$ 51,946</u>                 |
| Commitments (Note 7)  |                                  |                                  |
| Net Assets  |                                  |                                  |
| Unrestricted  |                                  |                                  |
| Board Designated Reserve (Note 3a)  | 1,669,086                        | 1,607,394                        |
| Other   | <u>886,657</u>                   | <u>921,744</u>                   |
| Total Unrestricted  | <u>2,555,743</u>                 | <u>2,529,138</u>                 |
| Temporarily restricted (Note 3b)  | <u>22,338</u>                    | <u>18,698</u>                    |
| Total Net Assets  | <u><u>2,578,081</u></u>          | <u><u>2,547,836</u></u>          |
|   | <u>                    </u>      | <u>                    </u>      |
| <b>Total Liabilities and Net Assets</b>   | <b><u><u>\$2,627,631</u></u></b> | <b><u><u>\$2,599,782</u></u></b> |

See notes to consolidated financial statements.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

|  | <u>2016</u>        | <u>2015</u>        |
|--|--------------------|--------------------|
| <b>Changes in Unrestricted Net Assets</b>                      |                    |                    |
| Operating Activities   |                    |                    |
| Revenues, Gains and Other Support                              |                    |                    |
| Third party medical insurance reimbursement                    | \$ 90,068          | \$ 108,269         |
| Contributions  | 523,998            | 680,606            |
| Benefit income   | 66,876             | 7,497              |
| Less: Direct benefit expenses                                  | (2,175)            | (6,450)            |
| Donated services (Note 8)                                      | 4,500              | 9,000              |
| Interest and dividend income                                   | 5,476              | 4,514              |
| Other income   | 3,569              | 9,765              |
|  | <u>692,312</u>     | <u>813,201</u>     |
| Net assets released from restrictions                          |                    |                    |
| Satisfaction of time and program restrictions                  | 18,698             | 28,593             |
|  | <u>711,010</u>     | <u>841,794</u>     |
| Expenses   |                    |                    |
| Program Services   |                    |                    |
| Sullivan County Dental   | 351,105            | 371,172            |
| Tansa Valley   | 160,650            | 178,505            |
| Constituency Education   | 74,816             | 85,865             |
| Mexico and Other Affiliates                                    | 82,104             | 88,714             |
| Disaster Relief  | -                  | 41,488             |
| Total Program Services   | <u>668,675</u>     | <u>765,744</u>     |
| Supporting Services  |                    |                    |
| Management and general   | 54,298             | 49,695             |
| Fundraising  | 17,736             | 17,010             |
| Total Supporting Services                                      | <u>72,034</u>      | <u>66,705</u>      |
| Total Expenses   | <u>740,709</u>     | <u>832,449</u>     |
| Increase (Decrease) in Unrestricted Net Assets from Operations | (29,699)           | 9,345              |
| Non-Operating Activities                                       |                    |                    |
| Net investment income (loss) (Note 5)                          | <u>56,304</u>      | <u>(49,055)</u>    |
| Increase (Decrease) in Unrestricted Net Assets                 | <u>26,605</u>      | <u>(39,710)</u>    |
| <b>Changes in Temporarily Restricted Net Assets</b>            |                    |                    |
| Contributions  | 22,338             | 18,698             |
| Net assets released from restrictions                          | <u>(18,698)</u>    | <u>(28,593)</u>    |
| Increase (Decrease) in Temporarily Restricted Net Assets       | <u>3,640</u>       | <u>(9,895)</u>     |
| Increase (decrease) in net assets                              | 30,245             | (49,605)           |
| Net assets, beginning of year                                  | <u>2,547,836</u>   | <u>2,597,441</u>   |
| <b>Net Assets, End of Year</b>                                 | <u>\$2,578,081</u> | <u>\$2,547,836</u> |

See notes to consolidated financial statements.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

|  | <u>2016</u>       | <u>2015</u>       |
|--|-------------------|-------------------|
| <b>Cash Flows From Operating Activities</b>  |                   |                   |
| Increase (decrease) in net assets  | \$ 30,245         | \$ (49,605)       |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: |                   |                   |
| Depreciation and amortization  | 43,244            | 43,194            |
| Realized and unrealized (gains) losses on investments  | (34,671)          | 71,634            |
| Bad debt expense   | 1,586             | 3,456             |
| Gain on sale of property and equipment   | -                 | (4,000)           |
| (Increase) decrease in:  |                   |                   |
| Accounts receivable  | 163               | 35,830            |
| Unconditional promises to give   | (19,642)          | 73,046            |
| Prepaid expenses   | 2,985             | 850               |
| Decrease in accounts payable and accrued expenses  | (2,396)           | (36,449)          |
| Net Cash Provided By Operating Activities  | <u>21,514</u>     | <u>137,956</u>    |
| <b>Cash Flows From Investing Activities</b>  |                   |                   |
| Purchase of certificate of deposit   | (2,570)           | (201,006)         |
| Proceeds from sale of investments  | 493,164           | 12,695            |
| Purchase of investments  | (520,185)         | (158,647)         |
| Proceeds from sale of property and equipment   | -                 | 4,000             |
| Acquisition of property and equipment  | (2,302)           | (25,654)          |
| Net Cash Used By Investing Activities  | <u>(31,893)</u>   | <u>(368,612)</u>  |
| Net decrease in cash and cash equivalents  | (10,379)          | (230,656)         |
| Cash and cash equivalents, beginning of year   | <u>509,132</u>    | <u>739,788</u>    |
| <b>Cash and Cash Equivalents, End of Year</b>  | <u>\$ 498,753</u> | <u>\$ 509,132</u> |

See notes to consolidated financial statements.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

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

a - Organization

The PRASAD Project, Inc. ("PRASAD") was incorporated in the State of New York on March 13, 1992. PRASAD's sole member is the Syda Foundation, a 501(c)(3) tax exempt church organization under the laws of the State of New York. 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. 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.

PRASAD is the sole member of PRASAD Children's Dental Health Program, Inc. ("CDHP"), 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 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.

b - Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The PRASAD Project, Inc. and its member organization PRASAD Children's Dental Health Program, Inc. (together "The Organization"). All significant intercompany transactions have been eliminated in the consolidated financial statements.

c - 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.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

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

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 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, when necessary, is based on prior years' experience and management's analysis of specific promises made.

e - Investments

The Organization reflects investments at fair value in the consolidated statement of financial position. Interest, dividends and gains and losses on investments are reflected in the consolidated statement of activities as increases and decreases in unrestricted net assets.

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1    Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2    Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3    Inputs that are unobservable.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

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

e - Investments (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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

f - 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.

g - 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.

h - 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.

i - Tax Status

The PRASAD Project, Inc. and PRASAD Children's Dental Health Program, Inc. are not-for-profit corporations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and have been designated organizations that are not private foundations.

j - Subsequent Events

The Organization has evaluated subsequent events through August 11, 2017, the date that the financial statements are considered available to be issued.

**Note 2 - Certificates of Deposit**

At December 31, 2016, the Organization holds certificates of deposit which matured on May 17, 2017. At December 31, 2015, the Organization held certificates of deposit which matured May 17, 2016. Cost basis approximates fair value at December 31, 2016 and 2015.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**Note 3 - Net Assets**

a - During 2014, the Board of Directors established a board designated reserve from its existing investment portfolio. During 2015, an additional \$120,000 was added to the reserve. Investment income (loss) on the reserve and other receipts totaled \$61,692 for 2016 and (\$45,683) for 2015.

b - Temporarily restricted net assets are restricted for future programs and periods.

**Note 4 - Unconditional Promises to Give**

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

**Note 5 - Investments**

Investments at December 31, 2016 and 2015 are all classified within Level 1 of the fair value hierarchy and consist of the following:

|  | <u>2016</u>        |                    | <u>2015</u>        |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | <u>Fair Value</u>  | <u>Cost</u>        | <u>Fair Value</u>  | <u>Cost</u>        |
| Money market funds                     | \$ 365,869         | \$ 365,869         | \$ 566,342         | \$ 566,342         |
| Certificates of deposit                | 50,188             | 50,193             | 50,130             | 50,130             |
| Corporate bonds                        | 51,472             | 51,425             | -                  | -                  |
| Corporate equities                     | 432,362            | 403,525            | 262,524            | 256,773            |
| Mutual funds and exchange traded funds | <u>769,195</u>     | <u>813,922</u>     | <u>728,398</u>     | <u>810,237</u>     |
|  | <u>\$1,669,086</u> | <u>\$1,684,934</u> | <u>\$1,607,394</u> | <u>\$1,683,482</u> |

Net investment income (loss) for the years ended December 31, 2016 and 2015 consists of the following:

|  | <u>2016</u>     | <u>2015</u>       |
|--|-----------------|-------------------|
| Interest and dividend income             | \$30,782        | \$ 35,274         |
| Realized losses on sales of investments  | (25,569)        | (10,300)          |
| Unrealized gains (losses) on investments | 60,240          | (61,334)          |
| Investment management fees               | <u>(9,149)</u>  | <u>(12,695)</u>   |
|  | <u>\$56,304</u> | <u>\$(49,055)</u> |

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**Note 6 - Property and Equipment**

Property and equipment consist of the following at December 31:

|  | <u>Life</u>   | <u>2016</u>      | <u>2015</u>      |
|--|---------------|------------------|------------------|
| Mobile dental clinic and automobile                | 10 years      | \$330,208        | \$330,208        |
| Furniture and equipment                            | 3-10 years    | 83,804           | 83,804           |
| Computer equipment and website                     | 3-5 years     | 89,756           | 88,042           |
| Leasehold improvements                             | Life of lease | <u>169,052</u>   | <u>169,052</u>   |
|  |               | 672,820          | 671,106          |
| Less: Accumulated depreciation<br>and amortization |               | <u>(503,554)</u> | <u>(460,898)</u> |
|  |               | <u>\$169,266</u> | <u>\$210,208</u> |

Depreciation and amortization expense for the years ended December 31, 2016 and 2015 was \$43,244 and \$43,194, respectively.

During 2015, the Organization disposed of a fully depreciated vehicle by trading it in for a new vehicle valued at \$16,400. During 2015, the Organization also disposed of dental equipment for \$30,856.

**Note 7 - Commitments**

a - Office lease

The Organization occupies office space under a lease with the SYDA Foundation which requires annual rental payments of \$20,650 per year through December 31, 2017.

Rent expense for the years ended December 31, 2016 and 2015 was \$20,651 and \$20,650, respectively.

b - Funding and Service Agreements

In May 2000, PRASAD entered into an arrangement with CDHP, to provide dental services to the indigent pediatric population of New York State. Under an administrative support and use of assets agreement, PRASAD provides all administrative and supervisory services necessary, as well as equipment, computers, software, furniture and supplies reasonably required to provide the dental services. PRASAD makes grants to CDHP towards the furtherance of its purpose.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**Note 7 - Commitments (continued)**

b - Funding and Service Agreements (continued)

PRASAD made grants to CDHP totaling \$55,000 (2016) and \$60,697 (2015). PRASAD also provided additional donated materials and services in the amount of \$87,246 (2016) and \$91,996 (2015). These amounts have been eliminated within the consolidated financial statements.

**Note 8 - Donated Services**

The Organization received donated legal services valued at \$4,500 and \$9,000 for the years ended December 31, 2016 and 2015, respectively.

**Note 9 - Grants**

The Board of Directors approved the following grants during 2016 and 2015:

|   | <u>2016</u>     | <u>2015</u>      |
|---|-----------------|------------------|
| PRASAD Chikitsa, a public charitable trust created in India | \$39,444        | \$76,335         |
| Disaster relief grants and program support                  | <u>-</u>        | <u>41,488</u>    |
| Total Grants  | <u>\$39,444</u> | <u>\$117,823</u> |

**Note 10 - 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.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**Note 11 - 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 12 - 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 13 - 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, 2016, there were six approved PRASAD Organizations conducting operations, including CDHP. Four entities have obtained charitable status equivalent in India, Mexico, 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 consolidated 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.

**SUPPLEMENTARY INFORMATION**

## THE PRASAD PROJECT, INC. AND SUBSIDIARY

## CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

|   | Program Services             |                  |                           |                                   |                    | Supporting Services |                           |                  | 2016            | 2015              |                   |
|---|------------------------------|------------------|---------------------------|-----------------------------------|--------------------|---------------------|---------------------------|------------------|-----------------|-------------------|-------------------|
|   | Sullivan<br>County<br>Dental | Tansa<br>Valley  | Constituency<br>Education | Mexico<br>and Other<br>Affiliates | Disaster<br>Relief | Total               | Management<br>and General | Fundraising      | Total           | Total<br>Expenses | Total<br>Expenses |
| Salaries  | \$150,818                    | \$ 61,376        | \$ 31,450                 | \$ 41,873                         | \$ -               | \$285,517           | \$ 17,394                 | \$ 8,536         | \$25,930        | \$311,447         | \$326,242         |
| Payroll taxes and employee benefits                       | 36,581                       | 14,621           | 7,590                     | 10,109                            | -                  | 68,901              | 4,819                     | 2,068            | 6,887           | 75,788            | 63,759            |
| Insurance   | 15,701                       | 3,892            | 2,026                     | 2,662                             | -                  | 24,281              | 4,160                     | 563              | 4,723           | 29,004            | 26,638            |
| Disaster relief grants and program support                | -                            | -                | -                         | -                                 | -                  | -                   | -                         | -                | -               | -                 | 41,488            |
| Direct program support to PRASAD Chikitsa                 | -                            | 39,444           | -                         | -                                 | -                  | 39,444              | -                         | -                | -               | 39,444            | 76,335            |
| Computer supplies   | 2,488                        | 3,409            | 1,695                     | 2,294                             | -                  | 9,886               | 1,736                     | 471              | 2,207           | 12,093            | 11,343            |
| Travel  | 2,196                        | 2,413            | 689                       | 1,702                             | -                  | 7,000               | 384                       | 207              | 591             | 7,591             | 9,390             |
| Printing  | 155                          | 176              | 2,347                     | 165                               | -                  | 2,843               | 43                        | 34               | 77              | 2,920             | 2,981             |
| Dental supplies   | 8,010                        | -                | -                         | -                                 | -                  | 8,010               | -                         | -                | -               | 8,010             | 7,832             |
| Utilities   | 4,242                        | 3,019            | 1,597                     | 2,081                             | -                  | 10,939              | 855                       | 480              | 1,335           | 12,274            | 14,925            |
| Telephone, fax and e-mail                                 | 4,182                        | 3,125            | 1,584                     | 2,118                             | -                  | 11,009              | 1,148                     | 433              | 1,581           | 12,590            | 12,182            |
| Office supplies   | 2,749                        | 600              | 297                       | 403                               | -                  | 4,049               | 177                       | 88               | 265             | 4,314             | 5,540             |
| Postage and shipping                                      | 854                          | 822              | 1,417                     | 598                               | -                  | 3,691               | 235                       | 107              | 342             | 4,033             | 5,182             |
| Repairs and maintenance                                   | 11,156                       | 2,198            | 1,198                     | 1,590                             | -                  | 16,142              | 597                       | 329              | 926             | 17,068            | 32,709            |
| Professional fees and legal                               | 582                          | 875              | 1,067                     | 542                               | -                  | 3,066               | 1,435                     | -                | 1,435           | 4,501             | 4,199             |
| Professional fees and accounting                          | 3,167                        | 4,762            | 5,807                     | 2,949                             | -                  | 16,685              | 13,861                    | -                | 13,861          | 30,546            | 24,377            |
| Professional fees and other                               | 47,169                       | 8,372            | 10,208                    | 5,185                             | -                  | 70,934              | 4,151                     | 2,779            | 6,930           | 77,864            | 64,596            |
| Advertising   | 6,737                        | 99               | 51                        | 35                                | -                  | 6,922               | 62                        | 16               | 78              | 7,000             | 4,329             |
| Fees and permits  | 1,375                        | 271              | 128                       | 168                               | -                  | 1,942               | 66                        | 35               | 101             | 2,043             | 2,470             |
| Seminars and education                                    | 393                          | 38               | 21                        | 26                                | -                  | 478                 | 12                        | 5                | 17              | 495               | 434               |
| Meetings and venues                                       | 699                          | 967              | 496                       | 693                               | -                  | 2,855               | 265                       | 146              | 411             | 3,266             | 11,580            |
| Rent  | 4,506                        | 6,168            | 3,164                     | 4,220                             | -                  | 18,058              | 1,733                     | 860              | 2,593           | 20,651            | 20,650            |
| Miscellaneous   | 5,487                        | 2,829            | 1,439                     | 1,923                             | -                  | 11,678              | 792                       | 467              | 1,259           | 12,937            | 16,618            |
| Bad debt expense and provision for uncollectible accounts | 1,586                        | -                | -                         | -                                 | -                  | 1,586               | -                         | -                | -               | 1,586             | 3,456             |
| Depreciation and amortization                             | 40,272                       | 1,174            | 545                       | 768                               | -                  | 42,759              | 373                       | 112              | 485             | 43,244            | 43,194            |
| Total Expenses, 2016                                      | <u>\$351,105</u>             | <u>\$160,650</u> | <u>\$ 74,816</u>          | <u>\$ 82,104</u>                  | <u>\$ -</u>        | <u>\$668,675</u>    | <u>\$ 54,298</u>          | <u>\$ 17,736</u> | <u>\$72,034</u> | <u>\$740,709</u>  |                   |
| Total Expenses, 2015                                      | <u>\$371,172</u>             | <u>\$178,505</u> | <u>\$ 85,865</u>          | <u>\$ 88,714</u>                  | <u>\$41,488</u>    | <u>\$765,744</u>    | <u>\$ 49,695</u>          | <u>\$ 17,010</u> | <u>\$66,705</u> |                   | <u>\$832,449</u>  |

See accompanying notes to consolidated financial statements and independent auditors' report.

**THE PRASAD PROJECT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

|   | 2016                        |  |                          |                        | 2015                        |  |                          |                        |
|---|-----------------------------|--|--------------------------|------------------------|-----------------------------|--|--------------------------|------------------------|
|   | The PRASAD<br>Project, Inc. | PRASAD<br>Children's<br>Dental Health<br>Program, Inc. | Consolidating<br>Entries | Consolidated<br>Totals | The PRASAD<br>Project, Inc. | PRASAD<br>Children's<br>Dental Health<br>Program, Inc. | Consolidating<br>Entries | Consolidated<br>Totals |
| <b>Assets</b>   |                             |  |                          |                        |                             |  |                          |                        |
| Cash and cash equivalents (Notes 1c and 11)                                       | \$ 283,890                  | \$ 214,863   | \$ -                     | \$ 498,753             | \$ 298,196                  | \$ 210,936   | \$ -                     | \$ 509,132             |
| Certificates of deposit (Notes 1e and 2)  | 101,788                     | 101,788  | -                        | 203,576                | 100,503                     | 100,503  | -                        | 201,006                |
| Accounts receivable   | -                           | 1,474  | -                        | 1,474                  | -                           | 3,223  | -                        | 3,223                  |
| Due from CDHP   | 2,273                       | -  | (2,273)                  | -                      | 885                         | -  | (885)                    | -                      |
| Unconditional promises to give (Notes 1d and 4)                                   |                             |  |                          |                        |                             |  |                          |                        |
| Unrestricted  | 28,541                      | 15,782   | -                        | 44,323                 | 7,876                       | 20,445   | -                        | 28,321                 |
| Temporarily restricted  | -                           | 22,338   | -                        | 22,338                 | -                           | 18,698   | -                        | 18,698                 |
| Prepaid expenses  | 5,755                       | 9,640  | -                        | 15,395                 | 8,607                       | 9,773  | -                        | 18,380                 |
| Investments (Notes 1e and 5)  | 1,669,086                   | -  | -                        | 1,669,086              | 1,607,394                   | -  | -                        | 1,607,394              |
| Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 6) | 9,099                       | 160,167  | -                        | 169,266                | 10,627                      | 199,581  | -                        | 210,208                |
| Security deposits   | 3,420                       | -  | -                        | 3,420                  | 3,420                       | -  | -                        | 3,420                  |
| <b>Total Assets</b>   | <b>\$ 2,103,852</b>         | <b>\$ 526,052</b>                                      | <b>\$ (2,273)</b>        | <b>\$ 2,627,631</b>    | <b>\$ 2,037,508</b>         | <b>\$ 563,159</b>                                      | <b>\$ (885)</b>          | <b>\$ 2,599,782</b>    |
| <b>Liabilities and Net Assets</b>   |                             |  |                          |                        |                             |  |                          |                        |
| Liabilities   |                             |  |                          |                        |                             |  |                          |                        |
| Accounts payable and accrued expenses   | \$ 37,210                   | \$ 12,340  | \$ -                     | \$ 49,550              | \$ 42,812                   | \$ 9,134   | \$ -                     | \$ 51,946              |
| Due to PRASAD   | -                           | 2,273  | (2,273)                  | -                      | -                           | 885  | (885)                    | -                      |
| Total Liabilities   | 37,210                      | 14,613   | (2,273)                  | 49,550                 | 42,812                      | 10,019   | (885)                    | 51,946                 |
| Commitments (Note 7)  |                             |  |                          |                        |                             |  |                          |                        |
| Net Assets  |                             |  |                          |                        |                             |  |                          |                        |
| Unrestricted  |                             |  |                          |                        |                             |  |                          |                        |
| Board Designated Reserve (Note 3a)  | 1,669,086                   | -  | -                        | 1,669,086              | 1,607,394                   | -  | -                        | 1,607,394              |
| Other   | 397,556                     | 489,101  | -                        | 886,657                | 387,302                     | 534,442  | -                        | 921,744                |
| Total Unrestricted  | 2,066,642                   | 489,101  | -                        | 2,555,743              | 1,994,696                   | 534,442  | -                        | 2,529,138              |
| Temporarily restricted (Note 3b)  | -                           | 22,338   | -                        | 22,338                 | -                           | 18,698   | -                        | 18,698                 |
| Total Net Assets  | 2,066,642                   | 511,439  | -                        | 2,578,081              | 1,994,696                   | 553,140  | -                        | 2,547,836              |
| <b>Total Liabilities and Net Assets</b>   | <b>\$ 2,103,852</b>         | <b>\$ 526,052</b>                                      | <b>\$ (2,273)</b>        | <b>\$ 2,627,631</b>    | <b>\$ 2,037,508</b>         | <b>\$ 563,159</b>                                      | <b>\$ (885)</b>          | <b>\$ 2,599,782</b>    |

See accompanying notes to consolidated financial statements and independent auditors' report.

THE PRASAD PROJECT, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2016 AND 2015

|  | 2016                        |  |                          |                        | 2015                        |  |                          |                        |
|--|-----------------------------|--|--------------------------|------------------------|-----------------------------|--|--------------------------|------------------------|
|  | The PRASAD<br>Project, Inc. | PRASAD<br>Children's<br>Dental Health<br>Program, Inc. | Consolidating<br>Entries | Consolidated<br>Totals | The PRASAD<br>Project, Inc. | PRASAD<br>Children's<br>Dental Health<br>Program, Inc. | Consolidating<br>Entries | Consolidated<br>Totals |
| <b>Changes in Unrestricted Net Assets</b>                      |                             |  |                          |                        |                             |  |                          |                        |
| Operating Activities   |                             |  |                          |                        |                             |  |                          |                        |
| Revenues, Gains and Other Support                              |                             |  |                          |                        |                             |  |                          |                        |
| Third party medical insurance reimbursement                    | \$ -                        | \$ 90,068  | \$ -                     | \$ 90,068              | \$ -                        | \$ 108,269   | \$ -                     | \$ 108,269             |
| Contributions  | 461,683                     | 117,315  | (55,000)                 | 523,998                | 596,647                     | 144,656  | (60,697)                 | 680,606                |
| Benefit income   | 66,876                      | -  | -                        | 66,876                 | 7,497                       | -  | -                        | 7,497                  |
| Less: Direct benefit expenses                                  | (2,175)                     | -  | -                        | (2,175)                | (6,450)                     | -  | -                        | (6,450)                |
| Donated services and occupancy (Note 8)                        | 3,500                       | 88,246   | (87,246)                 | 4,500                  | 6,500                       | 94,496   | (91,996)                 | 9,000                  |
| Interest and dividend income                                   | 4,168                       | 1,308  | -                        | 5,476                  | 3,986                       | 528  | -                        | 4,514                  |
| Other income   | 940                         | 2,629  | -                        | 3,569                  | 949                         | 8,816  | -                        | 9,765                  |
|  | <u>534,992</u>              | <u>299,566</u>   | <u>(142,246)</u>         | <u>692,312</u>         | <u>609,129</u>              | <u>356,765</u>   | <u>(152,693)</u>         | <u>813,201</u>         |
| Net assets released from restrictions                          |                             |  |                          |                        |                             |  |                          |                        |
| Satisfaction of time and program restrictions                  | -                           | 18,698   | -                        | 18,698                 | -                           | 28,593   | -                        | 28,593                 |
| Total Revenues, Gains and Other Support                        | <u>534,992</u>              | <u>318,264</u>   | <u>(142,246)</u>         | <u>711,010</u>         | <u>609,129</u>              | <u>385,358</u>   | <u>(152,693)</u>         | <u>841,794</u>         |
| Expenses   |                             |  |                          |                        |                             |  |                          |                        |
| Program Services   |                             |  |                          |                        |                             |  |                          |                        |
| Sullivan County Dental   | 142,246                     | 263,859  | (55,000)                 | 351,105                | 152,893                     | 279,175  | (60,896)                 | 371,172                |
| Tansa Valley   | 160,650                     | -  | -                        | 160,650                | 178,505                     | -  | -                        | 178,505                |
| Constituency Education   | 74,816                      | -  | -                        | 74,816                 | 85,865                      | -  | -                        | 85,865                 |
| Mexico and Other Affiliates                                    | 82,104                      | -  | -                        | 82,104                 | 88,714                      | -  | -                        | 88,714                 |
| Disaster Relief  | -                           | -  | -                        | -                      | 41,488                      | -  | -                        | 41,488                 |
| Total Program Services   | <u>459,816</u>              | <u>263,859</u>   | <u>(55,000)</u>          | <u>668,675</u>         | <u>547,465</u>              | <u>279,175</u>   | <u>(60,896)</u>          | <u>765,744</u>         |
| Supporting Services  |                             |  |                          |                        |                             |  |                          |                        |
| Management and general   | 41,798                      | 96,692   | (84,192)                 | 54,298                 | 37,496                      | 100,776  | (88,577)                 | 49,695                 |
| Fundraising  | 17,736                      | 3,054  | (3,054)                  | 17,736                 | 17,010                      | 3,220  | (3,220)                  | 17,010                 |
| Total Supporting Services                                      | <u>59,534</u>               | <u>99,746</u>  | <u>(87,246)</u>          | <u>72,034</u>          | <u>54,506</u>               | <u>103,996</u>   | <u>(91,797)</u>          | <u>66,705</u>          |
| Total Expenses   | <u>519,350</u>              | <u>363,605</u>   | <u>(142,246)</u>         | <u>740,709</u>         | <u>601,971</u>              | <u>383,171</u>   | <u>(152,693)</u>         | <u>832,449</u>         |
| Increase (Decrease) in Unrestricted Net Assets from Operations | 15,642                      | (45,341)   | -                        | (29,699)               | 7,158                       | 2,187  | -                        | 9,345                  |
| Non-Operating Activities                                       |                             |  |                          |                        |                             |  |                          |                        |
| Net investment income (loss) (Note 5)                          | 56,304                      | -  | -                        | 56,304                 | (49,055)                    | -  | -                        | (49,055)               |
| Increase (Decrease) in Unrestricted Net Assets                 | <u>71,946</u>               | <u>(45,341)</u>  | <u>-</u>                 | <u>26,605</u>          | <u>(41,897)</u>             | <u>2,187</u>   | <u>-</u>                 | <u>(39,710)</u>        |
| <b>Changes in Temporarily Restricted Net Assets</b>            |                             |  |                          |                        |                             |  |                          |                        |
| Contributions  | -                           | 22,338   | -                        | 22,338                 | -                           | 18,698   | -                        | 18,698                 |
| Net assets released from restrictions                          | -                           | (18,698)   | -                        | (18,698)               | -                           | (28,593)   | -                        | (28,593)               |
| Increase (Decrease) in Temporarily Restricted Net Assets       | <u>-</u>                    | <u>3,640</u>   | <u>-</u>                 | <u>3,640</u>           | <u>-</u>                    | <u>(9,895)</u>   | <u>-</u>                 | <u>(9,895)</u>         |
| Increase (decrease) in net assets                              | 71,946                      | (41,701)   | -                        | 30,245                 | (41,897)                    | (7,708)  | -                        | (49,605)               |
| Net assets, beginning of year                                  | 1,994,696                   | 553,140  | -                        | 2,547,836              | 2,036,593                   | 560,848  | -                        | 2,597,441              |
| <b>Net Assets, End of Year</b>                                 | <u>\$ 2,066,642</u>         | <u>\$ 511,439</u>                                      | <u>\$ -</u>              | <u>\$ 2,578,081</u>    | <u>\$ 1,994,696</u>         | <u>\$ 553,140</u>                                      | <u>\$ -</u>              | <u>\$ 2,547,836</u>    |

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