

THE PRASAD PROJECT, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2011 AND 2010

THE PRASAD PROJECT, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-10
Supplementary Information	
Independent Auditors' Report on Supplementary Information	12
Schedule of Functional Expenses	13



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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, 2011 and 2010, 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, 2011 and 2010, 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 17, 2012

THE PRASAD PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents (Notes 1b and 9)	\$ 315,293	\$ 344,250
Due from CDHP (Note 5b)	29,606	35,828
Unconditional promises to give - unrestricted (Notes 1c and 2)	13,421	12,635
Investments (Notes 1d and 3)	1,346,720	1,141,498
Prepaid expenses	6,526	6,347
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 4)	5,456	10,714
Security deposits	<u>3,420</u>	<u>3,420</u>
Total Assets	<u><u>\$1,720,442</u></u>	<u><u>\$ 1,554,692</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 23,540	\$ 30,873
Commitments (Note 5)		
Net Assets		
Unrestricted	<u>1,696,902</u>	<u>1,523,819</u>
Total Liabilities and Net Assets	<u><u>\$1,720,442</u></u>	<u><u>\$ 1,554,692</u></u>

See notes to financial statements.

THE PRASAD PROJECT, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Changes in Unrestricted Net Assets		
Operating Activities		
Revenues, Gains and Other Support		
Contributions	\$ 760,433	\$ 720,511
Donated services (Note 6)	3,500	3,500
Interest and dividend income	2,572	1,896
Other income	269	411
	<u>766,774</u>	<u>726,318</u>
Total Revenues, Gains and Other Support		
Expenses		
Program Services		
Sullivan County Dental	144,131	186,284
Tansa Valley	139,286	124,372
Constituency Education	90,372	103,369
Mexico and Other Affiliates	90,984	99,581
Disaster Relief	55,704	70,476
Total Program Services	<u>520,477</u>	<u>584,082</u>
Supporting Services		
Management and general	46,505	47,313
Fundraising	25,264	42,968
Total Supporting Services	<u>71,769</u>	<u>90,281</u>
Total Expenses	<u>592,246</u>	<u>674,363</u>
Increase in Unrestricted Net Assets from Operations	174,528	51,955
Non-Operating Activities		
Net investment loss (Note 3)	<u>(1,445)</u>	<u>(160,950)</u>
Increase (decrease) in net assets	173,083	(108,995)
Net assets, beginning of year	<u>1,523,819</u>	<u>1,632,814</u>
Net Assets, End of Year	<u><u>\$1,696,902</u></u>	<u><u>\$ 1,523,819</u></u>

See notes to financial statements.

THE PRASAD PROJECT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 173,083	\$ (108,995)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,258	7,118
Realized and unrealized loss on investments	1,862	161,441
Donated securities	(5,118)	(7,242)
(Increase) decrease in:		
Due from CDHP	6,222	(2,381)
Unconditional promises to give	(786)	12,164
Prepaid expenses	(179)	(353)
Decrease in accounts payable and accrued expenses	(7,333)	(6,443)
Net Cash Provided By Operating Activities	<u>173,009</u>	<u>55,309</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	135,731	756,338
Purchase of investments	(337,697)	(1,007,602)
Acquisition of property and equipment	-	(1,559)
Net Cash Used By Investing Activities	<u>(201,966)</u>	<u>(252,823)</u>
Net decrease in cash and cash equivalents	(28,957)	(197,514)
Cash and cash equivalents, beginning of year	<u>344,250</u>	<u>541,764</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 315,293</u>	 <u>\$ 344,250</u>

See notes to financial statements.

THE PRASAD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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. The Organization's sole member is the Syda Foundation, a 501(c)3 tax exempt church organized 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.

Restorative dental care is provided by PRASAD Children's Dental Health Program, Inc. ("CDHP"), a related organization in New York, utilizing PRASAD's Mobile Dental Clinic. The clinic is fully staffed and is equipped with two operatories. In 2012, the Organization became the sole member of CDHP. 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 PRASAD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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

c - Promises to Give and Contributions (continued)

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.

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 is 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, 2011 AND 2010

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. The Organization's tax returns for years prior to 2008 are no longer subject to examination by the taxing authorities.

i - Subsequent Events

The Organization has evaluated subsequent events through August 17, 2012, the date that the financial statements are considered available to be issued.

Note 2 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectable promises to give are expected to be insignificant.

Note 3 - Investments

Investments at December 31, 2011 and 2010 are all classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2011</u>		<u>2010</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Marketable securities	\$ 10,885	\$ 12,364	\$ 7,242	\$ 7,242
Mutual funds	1,742	1,715	137,811	246,448
Certificates of deposit	453,303	453,303	251,742	251,742
Money market funds	<u>880,790</u>	<u>880,790</u>	<u>744,703</u>	<u>744,703</u>
	<u>\$1,346,720</u>	<u>\$1,348,172</u>	<u>\$1,141,498</u>	<u>\$1,250,135</u>

THE PRASAD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 3 - Investments (continued)

Net investment loss for the years ended December 31, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 417	\$ 491
Realized loss on sale of investments	(109,047)	(52,998)
Unrealized gain (loss) on investments	<u>107,185</u>	<u>(108,443)</u>
	<u>\$ (1,445)</u>	<u>\$(160,950)</u>

Note 4 - Property and Equipment

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2011</u>	<u>2010</u>
Mobile dental clinic	10 years	\$ 258,871	\$ 258,871
Furniture and equipment	3-10 years	95,054	95,054
Computer equipment and website	3-5 years	55,726	64,755
Leasehold improvements	Life of lease	<u>104,141</u>	<u>104,141</u>
		513,792	522,821
Less: Accumulated depreciation		<u>(508,336)</u>	<u>(512,107)</u>
		<u>\$ 5,456</u>	<u>\$ 10,714</u>

Depreciation expense for the years ended December 31, 2011 and 2010 was \$5,258 and \$7,118, respectively.

Note 5 - Commitments

a - Office lease

The Organization occupies office space under a lease with the SYDA Foundation that expires December 31, 2012 and requires rental payments totaling \$23,700 for 2012.

Rent expense for each of the years ended December 31, 2011 and 2010 was \$23,700.

THE PRASAD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 5 - Commitments (continued)

b - Funding and Service Agreements

In May 2000, the Organization entered into an arrangement with CDHP, 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 (Note 4), and all administrative and supervisory services necessary, as well as equipment, computers, software, furniture and supplies reasonably required to provide the dental services. The Organization makes grants to CDHP towards the furtherance of its purpose.

The Organization made grants to CDHP totaling \$51,540 and \$84,108 during the years ended December 31, 2011 and 2010, respectively. The Organization provided additional donated services in the amount of \$92,591 (2011) and \$102,176 (2010).

Note 6 - Donated Services

Donated services for the years ended December 31, 2011 and 2010 consist of legal services.

Note 7 - Grants

The Board of Directors approved the following grants during 2011 and 2010:

	<u>2011</u>	<u>2010</u>
PRASAD Children's Dental Health Program, Inc. (Note 5b) Program Support	\$ 51,540	\$ 84,108
PRASAD Chikitsa, a public charitable trust created in India Disaster Relief Grants - Tsunami Relief Program Support	50,000	34,400
PRASAD de Mexico, a public charitable trust created in Mexico	215	300
Disaster relief grants and program support	<u>55,704</u>	<u>69,481</u>
Total Grants	<u>\$157,459</u>	<u>\$188,289</u>

THE PRASAD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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, 2011, there were six approved PRASAD Organizations conducting operations. One is CDHP, a tax-exempt organization that provides dental services to the indigent pediatric population of New York State, in which the Organization became sole member in 2012. Four entities have obtained charitable status equivalent in India, Mexico, Spain, and Australia. As of and for the years ended December 31, 2011 and 2010, 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.

SUPPLEMENTARY INFORMATION



LUTZ AND CARR

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**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of The PRASAD Project, Inc. as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 17, 2012, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December, 2011 with comparative totals for 2010 is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements or to the 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 financial statements as a whole.

Lutz + Carr, LLP

New York, New York
August 17, 2012

THE PRASAD PROJECT, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	Program Services					Supporting Services			2011	2010	
	Sullivan County Dental	Tansa Valley	Constituency Education	Mexico and Other Affiliates	Disaster Relief	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 47,797	\$ 45,592	\$ 42,912	\$ 46,940	\$ -	\$183,241	\$ 18,957	\$ 12,002	\$ 30,959	\$214,200	\$251,752
Payroll taxes and employee benefits	9,741	9,221	8,724	9,464	-	37,150	3,878	2,335	6,213	43,363	45,144
Insurance	1,756	1,731	1,599	1,762	-	6,848	1,767	498	2,265	9,113	11,024
Direct program support to CDHP-NY	51,540	-	-	-	-	51,540	-	-	-	51,540	84,108
Direct program support to PRASAD Chikitsa	-	50,000	-	-	-	50,000	-	-	-	50,000	34,400
Direct program support to Mexico	-	-	-	215	-	215	-	-	-	215	300
Disaster relief grants and program support	-	-	-	-	55,704	55,704	-	-	-	55,704	69,481
Computer supplies	1,923	1,833	1,730	1,916	-	7,402	1,435	489	1,924	9,326	10,477
Travel	1,307	1,898	600	664	-	4,469	260	156	416	4,885	5,402
Printing	129	124	5,097	120	-	5,470	42	24	66	5,536	7,015
Utilities	1,444	1,367	1,287	1,371	-	5,469	931	349	1,280	6,749	6,502
Telephone/fax/e-mail	2,048	1,943	1,830	2,002	-	7,823	797	504	1,301	9,124	8,483
Office supplies	380	360	341	368	-	1,449	139	129	268	1,717	4,805
Postage/shipping	1,251	1,179	4,247	1,252	-	7,929	488	292	780	8,709	10,040
Repairs and maintenance	1,426	1,354	1,280	1,380	-	5,440	2,165	328	2,493	7,933	7,188
Books/subscriptions	30	29	28	27	-	114	11	6	17	131	136
Professional fees/legal	738	729	648	719	-	2,834	666	-	666	3,500	4,511
Professional fees/accounting	3,159	3,121	2,769	3,077	-	12,126	2,846	-	2,846	14,972	15,001
Professional fees/other	8,935	8,826	7,832	8,704	-	34,297	8,049	3,819	11,868	46,165	52,203
Advertising	200	171	176	172	-	719	204	1,942	2,146	2,865	-
Fees/permits	837	772	732	1,469	-	3,810	273	150	423	4,233	374
Meetings and venues	461	251	432	224	-	1,368	117	65	182	1,550	1,958
Rent	5,304	5,057	4,760	5,204	-	20,325	2,054	1,321	3,375	23,700	23,700
Miscellaneous	2,673	2,552	2,387	2,614	-	10,226	887	645	1,532	11,758	13,241
Depreciation and amortization	1,052	1,176	961	1,320	-	4,509	539	210	749	5,258	7,118
Total Expenses, 2011	<u>\$ 144,131</u>	<u>\$139,286</u>	<u>\$ 90,372</u>	<u>\$ 90,984</u>	<u>\$ 55,704</u>	<u>\$520,477</u>	<u>\$ 46,505</u>	<u>\$ 25,264</u>	<u>\$ 71,769</u>	<u>\$592,246</u>	
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>

See independent auditors' report on supplementary information.