

**THE PRASAD PROJECT, INC.**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**DECEMBER 31, 2009 AND 2008**

**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, 2009 and 2008, 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, 2009 and 2008, 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 31, 2010

**THE PRASAD PROJECT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 10)	\$ 541,764	\$ 479,253
Due from CDHP-NY (Note 6b)	33,447	111,512
Unconditional promises to give - unrestricted (Notes 1c and 3)	24,799	21,886
Investments (Notes 1d and 4)	1,044,433	790,951
Prepaid expenses	5,994	6,855
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	16,273	25,440
Security deposits	3,420	3,420
<b>Total Assets</b>	<b>\$1,670,130</b>	<b>\$1,439,317</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 37,316	\$ 40,965
Commitments (Note 6)		
Net Assets		
Unrestricted	1,632,814	1,352,001
Temporarily restricted (Note 2)	-	46,351
Total Net Assets	1,632,814	1,398,352
<b>Total Liabilities and Net Assets</b>	<b>\$1,670,130</b>	<b>\$1,439,317</b>

See notes to financial statements.

## THE PRASAD PROJECT, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Changes in Unrestricted Net Assets</b>		
Operating Activities		
Revenues, Gains and Other Support		
Contributions	\$ 733,403	\$ 797,668
Donated services (Note 7)	6,000	9,500
Interest and dividend income	339	16,920
Other income	60	2,209
	<u>739,802</u>	<u>826,297</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	46,351	153,082
	<u>46,351</u>	<u>153,082</u>
Total Unrestricted Revenues, Gains and Other Support	<u>786,153</u>	<u>979,379</u>
Expenses		
Program Services		
Sullivan County Dental	235,252	100,655
Tansa Valley	220,374	180,252
Constituency Education	116,032	145,723
Mexico and Other Affiliates	89,449	78,649
Total Program Services	<u>661,107</u>	<u>505,279</u>
Supporting Services		
Management and general	49,558	60,055
Fundraising	48,042	31,910
Total Supporting Services	<u>97,600</u>	<u>91,965</u>
Total Expenses	<u>758,707</u>	<u>597,244</u>
Increase in Unrestricted Net Assets from Operations	27,446	382,135
Non-Operating Activities		
Net investment income (loss) (Note 4)	253,367	(409,202)
	<u>253,367</u>	<u>(409,202)</u>
Increase (Decrease) in Unrestricted Net Assets	<u>280,813</u>	<u>(27,067)</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	-	46,351
Net assets released from restrictions	(46,351)	(153,082)
	<u>(46,351)</u>	<u>(106,731)</u>
Decrease in Temporarily Restricted Net Assets	<u>(46,351)</u>	<u>(106,731)</u>
Increase (decrease) in net assets	234,462	(133,798)
Net assets, beginning of year	1,398,352	1,532,150
	<u>1,398,352</u>	<u>1,532,150</u>
<b>Net Assets, End of Year</b>	<u>\$1,632,814</u>	<u>\$1,398,352</u>

See notes to financial statements.

## THE PRASAD PROJECT, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 234,462	\$ (133,798)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,167	9,149
Realized and unrealized (gain) loss on investments	(250,407)	423,152
(Increase) decrease in:		
Due from CDHP-NY	78,065	1,431
Unconditional promises to give	(2,913)	14,961
Prepaid expenses	861	366
Decrease in accounts payable and accrued expenses	<u>(3,649)</u>	<u>(49,025)</u>
Net Cash Provided By Operating Activities	<u>65,586</u>	<u>266,236</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	1,522,798	1,709,248
Purchase of investments	(1,525,873)	(2,923,351)
Acquisition of property and equipment	-	(3,896)
Net Cash Used By Investing Activities	<u>(3,075)</u>	<u>(1,217,999)</u>
Net increase (decrease) in cash and cash equivalents	62,511	(951,763)
Cash and cash equivalents, beginning of year	<u>479,253</u>	<u>1,431,016</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 541,764</u>	<u>\$ 479,253</u>

See notes to financial statements.

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**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, 2009 AND 2008**

**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.

The Organization was required to adopt "Fair Value Measurements" standards, effective January 1, 2008. These standards clarify that 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). Under these standards, fair value measurements are not adjusted for transaction costs. These standards provide for use of a fair value hierarchy 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, 2009 AND 2008**

**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.

i - Subsequent Events

The Organization has evaluated subsequent events through August 31, 2010, the date that the financial statements are considered available to be issued.

**Note 2 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2008 are restricted for future programs and are expected to be released from restriction within one year.

**Note 3 - Unconditional Promises to Give**

Unconditional promises to give at December 31, 2009 are due within one year. Uncollectible promises to give are expected to be insignificant.

**Note 4 - Investments**

Investments at December 31, 2009 and 2008 are all classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 1,424	\$ 1,618	\$424,466	\$530,122
Money market funds	<u>1,043,009</u>	<u>1,043,009</u>	<u>366,485</u>	<u>366,485</u>
	<u>\$1,044,433</u>	<u>\$1,044,627</u>	<u>\$790,951</u>	<u>\$896,607</u>

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**Note 4 - Investments (continued)**

Net investment income for the years ending December 31, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 2,960	\$ 13,950
Net realized and unrealized gain (loss) on investments	<u>250,407</u>	<u>(423,152)</u>
	<u>\$253,367</u>	<u>\$(409,202)</u>

**Note 5 - Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2009</u>	<u>2008</u>
Mobile dental clinic	10 years	\$258,871	\$258,871
Furniture and equipment	3-10 years	94,085	94,085
Computer equipment and website	3-5 years	64,165	64,165
Leasehold improvements	Life of lease	<u>104,141</u>	<u>104,141</u>
		521,262	521,262
Less: Accumulated depreciation		<u>(504,989)</u>	<u>(495,822)</u>
		<u>\$ 16,273</u>	<u>\$ 25,440</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$9,167 and \$9,149, respectively.

**Note 6 - Commitments**

a - Office lease

The Organization occupies office space under a lease with the SYDA Foundation that expires December 31, 2010 and requires rental payments totaling \$23,700 for 2010.

Rent expense for each of the years ended December 31, 2009 and 2008 was \$23,700.

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**Note 6 - 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 (Note 5), 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 also makes grants to CDHP-NY towards the furtherance of its purpose.

The Organization made grants to CDHP-NY totaling \$133,621 during the year ended December 31, 2009 that consisted of current year grant payments of \$55,000 and forgiveness of prior year receivables in the amount of \$78,621. During the year ended December 31, 2008, the Organization made grants to CDHP-NY totaling \$3,110 that consisted of current year grant payments. The Organization provided additional donated materials and services in the amount of \$101,631 (2009) and \$97,545 (2008).

**Note 7 - Donated Services**

Donated services for the years ended December 31, 2009 and 2008 consist of legal services.

**Note 8 - Grants**

The Board of Directors approved the following grants during 2009 and 2008:

	<u>2009</u>	<u>2008</u>
PRASAD Children's Dental Health Program, Inc. (Note 6) Program Support	\$133,621	\$ 3,110
PRASAD Chikitsa, a public charitable trust created in India Disaster Relief Grants- tsunami Relief Program Support	132,277	89,700
PRASAD de Mexico, a public charitable trust created in Mexico	<u>-</u>	<u>6,840</u>
Total Grants	<u>\$265,898</u>	<u>\$99,650</u>

**THE PRASAD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**Note 9 - 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 10 - 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 11 - 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 12 - 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, 2009, 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. Six entities have obtained charitable status equivalent in India, Mexico, France, 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 certain of these entities by providing funding for start-up costs, obtaining donated materials and providing services and on-going program support.

**ADDITIONAL INFORMATION**



**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 2009 and 2008 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 accompanying Schedule of Functional Expenses for the year ended December 31, 2009 with comparative totals for 2008 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 31, 2010

## THE PRASAD PROJECT, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE TOTALS FOR 2008

	Program Services				Supporting Services			2009	2008 *	
	Sullivan County Dental	Tansa Valley	Constituency Education	Mexico and Other Affiliates	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 55,031	\$ 43,898	\$ 46,598	\$ 47,282	\$192,809	\$ 24,561	\$ 20,231	\$44,792	\$237,601	\$192,494
Payroll taxes and employee benefits	9,801	7,779	8,280	8,414	34,274	3,009	4,623	7,632	41,906	30,336
Insurance	260	2,117	2,215	2,267	6,859	921	1,242	2,163	9,022	11,430
Direct program support to CDHP-NY	133,621	-	-	-	133,621	-	-	-	133,621	3,110
Direct program support to PRASAD Chikitsa	-	132,277	-	-	132,277	-	-	-	132,277	89,700
Direct program support to Mexico	-	-	-	-	-	-	-	-	-	6,840
Computer supplies	2,473	1,892	2,062	2,056	8,483	740	1,168	1,908	10,391	10,338
Travel	1,147	2,299	980	961	5,387	445	540	985	6,372	7,330
Printing	11	10	10,034	11	10,066	4	5	9	10,075	16,114
Photos/slides, graphic design	-	-	32	-	32	-	-	-	32	3,514
Utilities	1,285	1,019	1,087	1,123	4,514	335	1,199	1,534	6,048	7,424
Telephone/fax/e-mail	1,780	1,411	1,510	1,521	6,222	521	1,169	1,690	7,912	10,639
Office supplies	1,073	838	897	893	3,701	945	509	1,454	5,155	3,622
Postage/shipping	1,510	1,363	5,778	1,304	9,955	2,280	681	2,961	12,916	15,031
Repairs and maintenance	2,392	2,042	2,056	2,093	8,583	667	1,364	2,031	10,614	7,841
Books/subscriptions	23	19	20	20	82	9	12	21	103	466
Professional fees/legal	1,094	1,149	1,991	937	5,171	829	-	829	6,000	9,500
Professional fees/accounting	2,734	2,872	4,978	2,343	12,927	2,073	-	2,073	15,000	14,971
Professional fees/other	9,949	10,449	18,114	8,527	47,039	7,544	11,481	19,025	66,064	98,521
Advertising	-	-	-	-	-	1,923	-	1,923	1,923	3,241
Fees/permits	265	231	244	225	965	106	136	242	1,207	1,925
Meetings and venues	250	215	372	224	1,061	127	146	273	1,334	5,910
Rent	5,544	4,405	4,688	4,748	19,385	1,700	2,615	4,315	23,700	23,700
Miscellaneous	2,909	2,295	2,463	2,468	10,135	132	-	132	10,267	14,098
Depreciation and amortization	2,100	1,794	1,633	2,032	7,559	687	921	1,608	9,167	9,149
Total Expenses, 2009	<u>\$235,252</u>	<u>\$220,374</u>	<u>\$ 116,032</u>	<u>\$ 89,449</u>	<u>\$661,107</u>	<u>\$ 49,558</u>	<u>\$ 48,042</u>	<u>\$97,600</u>	<u>\$758,707</u>	
Total Expenses, 2008	<u>\$100,655</u>	<u>\$180,252</u>	<u>\$ 145,723</u>	<u>\$ 78,649</u>	<u>\$505,279</u>	<u>\$ 60,055</u>	<u>\$ 31,910</u>	<u>\$91,965</u>		<u>\$597,244</u>

\* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report on additional information.