

THE PRASAD PROJECT, INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2018 AND 2017

THE PRASAD PROJECT, INC. AND SUBSIDIARY

TABLE OF CONTENTS

	Page
Independent Auditors' Report.....	1-2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5-6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-16
Supplementary Information	
Consolidating Statements of Financial Position	18
Consolidating Statements of Activities	19



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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, 2018 and 2017, and the related consolidated statements of activities, functional expenses 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, 2018 and 2017, and the changes in their net assets and their 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 consolidating statements of financial position as of December 31, 2018 and 2017, and the consolidating statements of activities for the years then ended are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Lutz + Carr, LLP

New York, New York
September 27, 2019

THE PRASAD PROJECT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1c and 11)	\$ 509,813	\$ 525,507
Certificates of deposit (Notes 1e and 3)	330,593	205,886
Accounts receivable	1,933	1,957
Unconditional promises to give (Notes 1d and 5)		
Without donor restrictions	40,074	140,406
With donor restrictions	33,073	29,682
Prepaid expenses	15,708	15,196
Investments (Notes 1e and 6)	1,772,957	1,804,557
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 7)	124,169	142,594
Security deposits	<u>300</u>	<u>3,420</u>
Total Assets	<u><u>\$2,828,620</u></u>	<u><u>\$2,869,205</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 47,487</u>	<u>\$ 46,881</u>
Commitments (Note 8)		
Net Assets		
Without Donor Restrictions		
Board designated reserve (Note 4a)	1,772,957	1,804,557
Other	<u>975,103</u>	<u>988,085</u>
Total Without Donor Restrictions	<u>2,748,060</u>	<u>2,792,642</u>
With Donor Restrictions (Note 4b)	<u>33,073</u>	<u>29,682</u>
Total Net Assets	<u><u>2,781,133</u></u>	<u><u>2,822,324</u></u>
Total Liabilities and Net Assets	<u><u>\$2,828,620</u></u>	<u><u>\$2,869,205</u></u>

See notes to consolidated financial statements.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Revenues, Gains and Other Support		
Third party medical insurance reimbursement	\$ 95,190	\$ 99,657
Contributions	658,598	803,102
Benefit income	22,131	31,694
Less: Direct benefit expenses	(7,045)	-
Donated services and materials (Note 9)	9,750	16,412
Interest and dividend income	3,064	1,177
Other income	4,095	3,844
	<u>785,783</u>	<u>955,886</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	29,682	22,338
	<u>815,465</u>	<u>978,224</u>
Expenses		
Program Services		
Sullivan County Dental	342,050	373,739
Tansa Valley	190,501	197,661
Constituency Education	89,438	85,311
Mexico and Other Affiliates	83,711	120,177
Disaster Relief	-	28,460
Total Program Services	<u>705,700</u>	<u>805,348</u>
Supporting Services		
Management and general	52,134	49,566
Fundraising	23,991	20,629
Total Supporting Services	<u>76,125</u>	<u>70,195</u>
Total Expenses	<u>781,825</u>	<u>875,543</u>
Increase in Net Assets Without Donor Restrictions from Operations	33,640	102,681
Non-Operating Activities		
Net investment income (loss) (Note 6)	<u>(78,222)</u>	<u>134,218</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(44,582)</u>	<u>236,899</u>
Changes in Net Assets With Donor Restrictions		
Contributions	33,073	29,682
Net assets released from restrictions	<u>(29,682)</u>	<u>(22,338)</u>
Increase in Net Assets With Donor Restrictions	<u>3,391</u>	<u>7,344</u>
Increase (decrease) in net assets	(41,191)	244,243
Net assets, beginning of year	<u>2,822,324</u>	<u>2,578,081</u>
Net Assets, End of Year	<u><u>\$2,781,133</u></u>	<u><u>\$2,822,324</u></u>

See notes to consolidated financial statements.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services				Supporting Services			Total Expenses	
	Sullivan County Dental	Tansa Valley	Constituency Education	Mexico and Other Affiliates	Total	Management and General	Fundraising		Total
Salaries	\$178,718	\$ 69,076	\$ 31,507	\$ 42,848	\$322,149	\$ 10,688	\$ 8,820	\$19,508	\$341,657
Payroll taxes and employee benefits	35,769	16,144	7,327	10,052	69,292	4,458	2,060	6,518	75,810
Insurance	15,409	4,407	2,038	2,654	24,508	590	581	1,171	25,679
Direct program support to PRASAD Chikitsa	-	50,903	-	-	50,903	-	-	-	50,903
Computer supplies	3,376	5,105	2,339	3,281	14,101	2,929	657	3,586	17,687
Travel	1,287	3,642	748	1,074	6,751	456	209	665	7,416
Printing	259	409	6,199	197	7,064	112	57	169	7,233
Dental supplies	6,581	-	-	-	6,581	-	-	-	6,581
Utilities	5,681	2,952	1,320	1,760	11,713	809	410	1,219	12,932
Telephone, fax and e-mail	6,056	5,043	2,267	3,097	16,463	1,367	623	1,990	18,453
Office supplies	3,463	606	357	414	4,840	173	70	243	5,083
Postage and shipping	1,098	1,118	3,696	705	6,617	283	135	418	7,035
Repairs and maintenance	7,091	4,398	2,134	2,682	16,305	1,228	633	1,861	18,166
Professional fees - legal	343	539	964	347	2,193	1,743	64	1,807	4,000
Professional fees - accounting	2,398	3,766	6,741	2,425	15,330	11,198	447	11,645	26,975
Professional fees - other	21,483	8,532	15,273	5,495	50,783	3,849	1,013	4,862	55,645
Advertising	1,781	-	-	-	1,781	-	-	-	1,781
Fees and permits	446	387	180	264	1,277	88	57	145	1,422
Seminars and education	200	116	53	80	449	54	11	65	514
Meetings and venues	552	833	374	606	2,365	240	1,098	1,338	3,703
Rent	3,932	5,664	2,495	3,546	15,637	11,595	677	12,272	27,909
Miscellaneous	7,558	6,052	2,821	1,665	18,096	-	6,295	6,295	24,391
Bad debt expense and provision for uncollectible accounts	1,194	-	-	-	1,194	-	-	-	1,194
Depreciation and amortization	37,375	809	605	519	39,308	274	74	348	39,656
Total Expenses	\$342,050	\$190,501	\$ 89,438	\$ 83,711	\$705,700	\$ 52,134	\$ 23,991	\$76,125	\$781,825

See notes to consolidated financial statements.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services					Supporting Services			Total Expenses	
	Sullivan County Dental	Tansa Valley	Constituency Education	Mexico and Other Affiliates	Disaster Relief	Total	Management and General	Fundraising		Total
Salaries	\$199,229	\$ 70,134	\$ 31,890	\$ 45,884	\$ -	\$347,137	\$ 18,343	\$ 8,937	\$27,280	\$374,417
Payroll taxes and employee benefits	40,897	17,431	7,943	11,407	-	77,678	4,742	2,267	7,009	84,687
Insurance	16,691	4,026	1,859	2,551	-	25,127	1,329	508	1,837	26,964
Disaster relief grants and program support	-	-	-	31,503	28,460	59,963	-	-	-	59,963
Direct program support to PRASAD Chikitsa	-	61,858	-	-	-	61,858	-	-	-	61,858
Computer supplies	2,946	4,296	1,955	2,743	-	11,940	2,564	533	3,097	15,037
Travel	1,370	1,477	676	894	-	4,417	372	164	536	4,953
Printing	72	112	6,004	76	-	6,264	33	14	47	6,311
Dental supplies	9,472	-	-	-	-	9,472	-	-	-	9,472
Utilities	5,800	4,056	1,854	2,543	-	14,253	1,044	600	1,644	15,897
Telephone, fax and e-mail	3,931	2,862	1,290	1,926	-	10,009	725	384	1,109	11,118
Office supplies	2,808	904	410	579	-	4,701	245	110	355	5,056
Postage and shipping	1,282	1,191	2,428	707	-	5,608	323	137	460	6,068
Repairs and maintenance	7,642	2,492	1,134	1,663	-	12,931	655	338	993	13,924
Professional fees - legal	286	407	642	269	-	1,604	946	-	946	2,550
Professional fees - accounting	2,859	4,067	6,418	2,691	-	16,035	11,465	-	11,465	27,500
Professional fees - other	24,801	9,590	15,136	6,345	-	55,872	3,456	2,841	6,297	62,169
Advertising	69	29	12	19	-	129	9	4	13	142
Fees and permits	1,576	504	226	330	-	2,636	118	44	162	2,798
Seminars and education	138	131	59	84	-	412	30	12	42	454
Meetings and venues	645	894	407	576	-	2,522	228	2,367	2,595	5,117
Rent	4,520	6,445	2,914	4,291	-	18,170	1,672	810	2,482	20,652
Miscellaneous	6,793	3,772	1,699	2,442	-	14,706	974	464	1,438	16,144
Bad debt expense and provision for uncollectible accounts	1,828	-	-	-	-	1,828	-	-	-	1,828
Depreciation and amortization	38,084	983	355	654	-	40,076	293	95	388	40,464
Total Expenses	\$373,739	\$197,661	\$ 85,311	\$ 120,177	\$28,460	\$805,348	\$ 49,566	\$ 20,629	\$70,195	\$875,543

See notes to consolidated financial statements.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (41,191)	\$244,243
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	39,656	40,464
Realized and unrealized (gains) losses on investments	117,021	(105,574)
Bad debt expense	1,194	1,828
Gain on sale of property and equipment	-	(3,300)
(Increase) decrease in:		
Accounts receivable	(1,170)	(2,311)
Unconditional promises to give	96,941	(103,427)
Prepaid expenses	(512)	199
Security deposits	3,120	-
Increase (decrease) in accounts payable and accrued expenses	606	(2,669)
Net Cash Provided By Operating Activities	<u>215,665</u>	<u>69,453</u>
Cash Flows From Investing Activities		
Purchase of certificates of deposit	(124,707)	(2,310)
Proceeds from sale of investments	1,882,462	289,024
Purchase of investments	(1,967,883)	(318,921)
Proceeds from sale of property and equipment	-	3,300
Acquisition of property and equipment	(21,231)	(13,792)
Net Cash Used By Investing Activities	<u>(231,359)</u>	<u>(42,699)</u>
Net increase (decrease) in cash and cash equivalents	(15,694)	26,754
Cash and cash equivalents, beginning of year	<u>525,507</u>	<u>498,753</u>
Cash and Cash Equivalents, End of Year	<u>\$ 509,813</u>	<u>\$525,507</u>

See notes to consolidated financial statements.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, 2018 AND 2017

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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 and Fair Value Measurements

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 net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

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, 2018 AND 2017

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

e - Investments and Fair Value Measurements (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's financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

h - 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 based on time and effort.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

i - 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.

j - 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.

k - Subsequent Events

The Organization has evaluated subsequent events through September 27, 2019, the date that the financial statements are considered available to be issued.

l - Recent Accounting Pronouncements

In 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the previous reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2017.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*". The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact of ASU 2016-02 on its financial statements.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those activities.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The Organization's financial assets as of December 31, 2018 available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$ 509,813
Certificates of deposit	330,593
Accounts receivables	1,993
Unconditional promises to give	73,147
Investments	<u>1,772,957</u>
Total Financial Assets	2,688,503
Less: Amounts not Available to be Used within One Year:	
Less: Board designated reserve	<u>(1,772,957)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 915,546</u>

In addition to these financial assets available for use within one year, the Organization's board designated reserve could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

Note 3 - Certificates of Deposit

At December 31, 2018, the Organization holds certificates of deposit which matured on February 7, 2019, May 17, 2019, and July 18, 2019. At December 31, 2017, the Organization held certificates of deposit which matured May 17, 2018 and February 7, 2018. Cost basis approximates fair value at December 31, 2018 and 2017.

THE PRASAD PROJECT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 4 - Net Assets

a - During 2014, the Board of Directors established a board designated reserve from its existing investment portfolio. Investment income (loss) on the reserve and other receipts totaled (\$78,222) for 2018 and \$135,471 for 2017.

b - Net assets with donor restrictions are restricted for future programs and periods.

Note 5 - 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 6 - Investments

Investments at December 31, 2018 and 2017 are all classified within Level 1 of the fair value hierarchy and consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 399,700	\$ 399,700	\$ 352,370	\$ 352,370
Certificates of deposit	151,894	151,894	50,428	50,428
Corporate bonds	83,973	84,030	71,952	72,538
Corporate equities	591,523	562,479	390,992	471,943
Mutual funds and exchange traded funds	<u>611,025</u>	<u>574,854</u>	<u>862,815</u>	<u>857,278</u>
	<u>\$1,838,115</u>	<u>\$1,772,957</u>	<u>\$1,728,557</u>	<u>\$1,804,557</u>

Net investment income (loss) for the years ended December 31, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 49,233	\$ 38,496
Realized gains on sales of investments	24,137	13,726
Unrealized gains (losses) on investments	(141,158)	91,848
Investment management fees	<u>(10,434)</u>	<u>(9,852)</u>
	<u>\$ (78,222)</u>	<u>\$134,218</u>

THE PRASAD PROJECT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 7 - Property and Equipment

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Mobile dental clinic and automobile	10 years	\$330,208	\$330,208
Furniture and equipment	3-10 years	94,840	94,359
Computer equipment and website	3-5 years	89,217	91,838
Leasehold improvements	Life of lease	<u>73,154</u>	<u>169,052</u>
		587,419	685,457
Less: Accumulated depreciation and amortization		<u>(463,250)</u>	<u>(542,863)</u>
		<u>\$124,169</u>	<u>\$142,594</u>

During 2018 and 2017, the Organization disposed of fully depreciated assets with an original cost of \$118,278 and \$1,155, respectively.

Note 8 - Commitments

a - Office Leases

The Organization occupied office space during 2018 and 2017 under a lease with the SYDA Foundation on a month-to-month basis.

In 2018, the Organization entered into a lease agreement for a new space with a term commencing July 15, 2018 through July 15, 2021. The future minimum annual obligation under this agreement is as follows:

<u>Year Ending December 31,</u>	
2019	\$30,000
2020	30,000
Thereafter, through July 15, 2021	16,250

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, 2018 AND 2017

Note 8 - Commitments (continued)

b - Funding and Service Agreements (continued)

PRASAD made grants to CDHP totaling \$55,000 in 2018 and 2017. PRASAD also provided additional donated materials and services in the amount of \$93,208 (2018) and \$95,768 (2017). These amounts have been eliminated within the consolidated financial statements.

Note 9 - Donated Services

The Organization received donated services and materials as follows:

	<u>2018</u>	<u>2017</u>
Legal	\$4,000	\$ 2,550
Staff development	-	5,500
Auction Items	5,450	-
Catering	-	2,012
Dental supplies and other	300	1,350
Website upgrade	-	<u>5,000</u>
	<u>\$9,750</u>	<u>\$16,412</u>

Note 10 - Grants

The Board of Directors approved the following grants during 2018 and 2017:

	<u>2018</u>	<u>2017</u>
PRASAD Chikitsa, a public charitable trust created in India	\$50,903	\$61,858
PRASAD de Mexico, a public charitable trust created in Mexico	-	31,503
Disaster relief grants and program support	-	<u>28,460</u>
Total Grants	<u>\$50,903</u>	<u>\$121,821</u>

THE PRASAD PROJECT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 - 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, 2018, 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
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018				2017			
	The PRASAD Project, Inc.	PRASAD Children's Dental Health Program, Inc.	Consolidating Entries	Consolidated Totals	The PRASAD Project, Inc.	PRASAD Children's Dental Health Program, Inc.	Consolidating Entries	Consolidated Totals
Assets								
Cash and cash equivalents (Notes 1c and 11)	\$ 404,649	\$ 105,164	\$ -	\$ 509,813	\$ 305,482	\$ 220,025	\$ -	\$ 525,507
Certificates of deposit (Notes 1e and 3)	114,601	215,992	-	330,593	102,943	102,943	-	205,886
Accounts receivable	-	1,933	-	1,933	-	1,957	-	1,957
Due from CDHP	891	-	(891)	-	908	-	(908)	-
Unconditional promises to give (Notes 1d and 5)								
Without donor restrictions	20,785	19,289	-	40,074	122,576	17,830	-	140,406
With donor restrictions	-	33,073	-	33,073	-	29,682	-	29,682
Prepaid expenses	7,828	7,880	-	15,708	8,081	7,115	-	15,196
Investments (Notes 1e and 6)	1,772,957	-	-	1,772,957	1,804,557	-	-	1,804,557
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 7)	7,755	116,414	-	124,169	7,245	135,349	-	142,594
Security deposits	300	-	-	300	3,420	-	-	3,420
Total Assets	\$ 2,329,766	\$ 499,745	\$ (891)	\$ 2,828,620	\$ 2,355,212	\$ 514,901	\$ (908)	\$ 2,869,205
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	\$ 29,258	\$ 18,229	\$ -	\$ 47,487	\$ 36,349	\$ 10,532	\$ -	\$ 46,881
Due to PRASAD	-	891	(891)	-	-	908	(908)	-
Total Liabilities	29,258	19,120	(891)	47,487	36,349	11,440	(908)	46,881
Commitments (Note 8)								
Net Assets								
Without Donor Restrictions								
Board designated reserve (Note 4a)	1,772,957	-	-	1,772,957	1,804,557	-	-	1,804,557
Other	527,551	447,552	-	975,103	514,306	473,779	-	988,085
Total Without Donor Restrictions	2,300,508	447,552	-	2,748,060	2,318,863	473,779	-	2,792,642
With Donor Restrictions (Note 4b)	-	33,073	-	33,073	-	29,682	-	29,682
Total Net Assets	2,300,508	480,625	-	2,781,133	2,318,863	503,461	-	2,822,324
Total Liabilities and Net Assets	\$ 2,329,766	\$ 499,745	\$ (891)	\$ 2,828,620	\$ 2,355,212	\$ 514,901	\$ (908)	\$ 2,869,205

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, 2018 AND 2017

	2018				2017			
	The PRASAD Project, Inc.	PRASAD Children's Dental Health Program, Inc.	Consolidating Entries	Consolidated Totals	The PRASAD Project, Inc.	PRASAD Children's Dental Health Program, Inc.	Consolidating Entries	Consolidated Totals
Changes in Net Assets Without Donor Restrictions								
Operating Activities								
Revenues, Gains and Other Support								
Third party medical insurance reimbursement	\$ -	\$ 95,190	\$ -	\$ 95,190	\$ -	\$ 99,657	\$ -	\$ 99,657
Contributions	609,928	103,670	(55,000)	658,598	718,476	139,626	(55,000)	803,102
Benefit income	22,131	-	-	22,131	31,694	-	-	31,694
Less: Direct benefit expenses	(7,045)	-	-	(7,045)	-	-	-	-
Donated services and materials (Note 9)	7,950	95,008	(93,208)	9,750	9,262	102,918	(95,768)	16,412
Interest and dividend income	-	3,064	-	3,064	-	1,177	-	1,177
Other income	3,886	209	-	4,095	342	3,502	-	3,844
	<u>636,850</u>	<u>297,141</u>	<u>(148,208)</u>	<u>785,783</u>	<u>759,774</u>	<u>346,880</u>	<u>(150,768)</u>	<u>955,886</u>
Net assets released from restrictions								
Satisfaction of time and program restrictions	-	29,682	-	29,682	-	22,338	-	22,338
Total Revenues, Gains and Other Support	<u>636,850</u>	<u>326,823</u>	<u>(148,208)</u>	<u>815,465</u>	<u>759,774</u>	<u>369,218</u>	<u>(150,768)</u>	<u>978,224</u>
Expenses								
Program Services								
Sullivan County Dental	148,208	248,842	(55,000)	342,050	150,767	277,972	(55,000)	373,739
Tansa Valley	190,501	-	-	190,501	197,661	-	-	197,661
Constituency Education	89,438	-	-	89,438	85,311	-	-	85,311
Mexico and Other Affiliates	83,711	-	-	83,711	120,177	-	-	120,177
Disaster Relief	-	-	-	-	28,460	-	-	28,460
Total Program Services	<u>511,858</u>	<u>248,842</u>	<u>(55,000)</u>	<u>705,700</u>	<u>582,376</u>	<u>277,972</u>	<u>(55,000)</u>	<u>805,348</u>
Supporting Services								
Management and general	41,134	100,946	(89,946)	52,134	38,766	103,216	(92,416)	49,566
Fundraising	23,991	3,262	(3,262)	23,991	20,629	3,352	(3,352)	20,629
Total Supporting Services	<u>65,125</u>	<u>104,208</u>	<u>(93,208)</u>	<u>76,125</u>	<u>59,395</u>	<u>106,568</u>	<u>(95,768)</u>	<u>70,195</u>
Total Expenses	<u>576,983</u>	<u>353,050</u>	<u>(148,208)</u>	<u>781,825</u>	<u>641,771</u>	<u>384,540</u>	<u>(150,768)</u>	<u>875,543</u>
Increase (Decrease) in Net Assets Without Donor Restrictions from Operations	59,867	(26,227)	-	33,640	118,003	(15,322)	-	102,681
Non-Operating Activities								
Net investment income (loss) (Note 6)	(78,222)	-	-	(78,222)	134,218	-	-	134,218
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(18,355)</u>	<u>(26,227)</u>	<u>-</u>	<u>(44,582)</u>	<u>252,221</u>	<u>(15,322)</u>	<u>-</u>	<u>236,899</u>
Changes in Net Assets With Donor Restrictions								
Contributions	-	33,073	-	33,073	-	29,682	-	29,682
Net assets released from restrictions	-	(29,682)	-	(29,682)	-	(22,338)	-	(22,338)
Increase in Net Assets With Donor Restrictions	<u>-</u>	<u>3,391</u>	<u>-</u>	<u>3,391</u>	<u>-</u>	<u>7,344</u>	<u>-</u>	<u>7,344</u>
Increase (decrease) in net assets	(18,355)	(22,836)	-	(41,191)	252,221	(7,978)	-	244,243
Net assets, beginning of year	2,318,863	503,461	-	2,822,324	2,066,642	511,439	-	2,578,081
Net Assets, End of Year	<u>\$ 2,300,508</u>	<u>\$ 480,625</u>	<u>\$ -</u>	<u>\$ 2,781,133</u>	<u>\$ 2,318,863</u>	<u>\$ 503,461</u>	<u>\$ -</u>	<u>\$ 2,822,324</u>

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