

**HINDU AMERICAN FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hindu American Foundation, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of Hindu American Foundation, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the six months then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

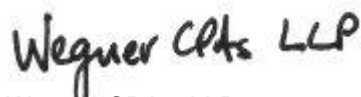
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Hindu American Foundation, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP  
Alexandria, Virginia  
December 18, 2019

**HINDU AMERICAN FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2019

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<b>ASSETS</b>	
CURRENT ASSETS	
Cash	\$ 376,693
Current portion of unconditional promises to give	134,273
Prepaid expenses	23,009
Security deposit	<u>4,674</u>
Total current assets	538,649
EQUIPMENT AND FURNITURE	
Equipment	17,856
Computer equipment	13,098
Furniture	<u>11,834</u>
Equipment and furniture	42,788
Less accumulated depreciation	<u>(25,843)</u>
Equipment and furniture, net	16,945
OTHER ASSETS	
Unconditional promises to give less current portion	360,883
Investments	1,818,367
Beneficial interest in assets held by Hindu Heritage Endowment	<u>58,619</u>
<b>Total assets</b>	<b><u>\$ 2,793,463</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
CURRENT LIABILITIES	
Accounts payable	\$ 16,631
OTHER LIABILITIES	
Deferred rent	<u>23,553</u>
Total liabilities	40,184
NET ASSETS	
Without donor restrictions	2,281,396
With donor restrictions	<u>471,883</u>
Total net assets	<u>2,753,279</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,793,463</u></b>

See accompanying notes.

**HINDU AMERICAN FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
Six Months Ended June 30, 2019

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

**SUPPORT AND REVENUE**

Contributions	
Individuals	\$ 274,791
Grants	25,000
Special events	12,194
Investment return, net	157,649
Change in value of beneficial interest in assets held by Hindu Heritage Endowment	3,974
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Total support and revenue without donor restrictions	473,608

**EXPENSES**

Program services	
Public policy	223,350
Education	172,206
Community relations	140,242
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Total program services	535,798
Supporting activities	
Management and general	139,805
Fundraising	96,007
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Total expenses	771,610

**NET ASSETS RELEASED FROM RESTRICTIONS**

Expiration of time restrictions	44,000
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Change in net assets without donor restrictions (254,002)

**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

Net assets released from restrictions	(44,000)
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**Change in net assets** (298,002)

Net assets at beginning of year 

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 3,051,281

**Net assets at end of year** 

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 \$ 2,753,279 

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See accompanying notes.

**HINDU AMERICAN FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Six Months Ended June 30, 2019

	Program Services				Supporting Activities		Total Expenses
	Public Policy	Education	Community Relations	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 114,229	\$ 143,209	\$ 75,748	\$ 333,186	\$ 65,765	\$ 62,869	\$ 461,820
Payroll taxes	9,599	9,405	7,308	26,312	5,417	5,158	36,887
Health insurance and benefits	1,394	1,655	9,552	12,601	4,061	2,146	18,808
Accounting	-	-	-	-	17,760	-	17,760
Advertising	-	-	-	-	-	1,399	1,399
Bank fees	-	-	-	-	125	7,439	7,564
Consultants and outside services	13,855	2,621	-	16,476	4,493	4,761	25,730
Depreciation	-	1,896	-	1,896	1,212	-	3,108
Event catering	22,537	-	-	22,537	-	2,100	24,637
Event rentals	9,647	-	2,000	11,647	-	3,015	14,662
Grant awards	-	-	37,180	37,180	-	-	37,180
Graphic design	349	3	-	352	-	175	527
Insurance	-	-	-	-	1,592	-	1,592
Legal fees	-	-	-	-	10,857	-	10,857
Materials and supplies	3,069	7	343	3,419	1,424	320	5,163
Meals	1,674	358	916	2,948	2,353	96	5,397
Payroll processing	-	-	-	-	3,360	-	3,360
Postage and shipping	-	121	-	121	11	58	190
Printing and copying	2,422	740	952	4,114	130	189	4,433
Rent	10,716	6,889	2,796	20,401	7,297	2,605	30,303
Repairs and maintenance	500	-	-	500	-	137	637
Subscriptions and registrations	7,926	1,697	1,283	10,906	2,939	2,673	16,518
Taxes and licenses	-	-	-	-	20	-	20
Telephone and internet	830	521	-	1,351	764	125	2,240
Travel	24,079	3,084	2,164	29,327	10,225	684	40,236
Website	524	-	-	524	-	58	582
<b>Total expenses</b>	<b><u>\$ 223,350</u></b>	<b><u>\$ 172,206</u></b>	<b><u>\$ 140,242</u></b>	<b><u>\$ 535,798</u></b>	<b><u>\$ 139,805</u></b>	<b><u>\$ 96,007</u></b>	<b><u>\$ 771,610</u></b>

See accompanying notes.

**HINDU AMERICAN FOUNDATION, INC.**  
STATEMENTS OF CASH FLOWS  
Six Months Ended June 30, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (298,002)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	3,108
Net realized and unrealized gain on investments	142,009
Change in value of beneficial interest in assets held by Hindu Heritage Endowment	(4,149)
(Increase) decrease in assets	
Unconditional promises to give	87,658
Prepaid expenses	(17,481)
Increase (decrease) in liabilities	
Accounts payable	(14,748)
Deferred rent	1,842
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Net cash flows from operating activities	(99,763)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of equipment and furniture	(926)
Purchases of investments	(341,027)
Proceeds from sales of investments	130,634
Distributions from beneficial interest in assets held by Hindu Heritage Endowment	175
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Net cash flows from investing activities	(211,144)

**Net change in cash** (310,907)

Cash at beginning of period 

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 687,600

**Cash at end of period** 

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 \$ 376,693

See accompanying notes.

**HINDU AMERICAN FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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Hindu American Foundation, Inc. (HAF), is a non-profit advocacy organization for the Hindu American community. Founded in 2003, HAF's work impacts a range of issues — from the portrayal of Hinduism in K-12 textbooks to civil and human rights to addressing contemporary problems, such as environmental protection and inter-religious conflict, by applying Hindu philosophy. HAF educates the public about Hinduism, speaks out about issues affecting Hindus worldwide, and builds bridges with institutions and individuals whose work aligns with HAF's objectives. HAF's three areas of focus are education, policy, and community. Through its advocacy efforts, HAF promotes dignity, mutual respect, and pluralism in order to ensure the well-being of Hindus and for all people and the planet to thrive. HAF is non-partisan organization.

In 2019, HAF provided 4,000 Pakistani Hindu refugees with basic medical care and vaccinations, trained over 200 teachers on Hinduism 101, connected with lawmakers in over 30 states, and engaged with over 100 reporters on issues ranging from domestic hate crimes to Kashmir and its exiled Hindus. HAF's support comes primarily from individual donors.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Equipment and Furniture**

Purchased equipment and furniture are carried at cost. Donated equipment and furniture are carried at fair value on the date of donation. Depreciation is computed using the straight-line method.

**Investments**

HAF reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

**Contributions**

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.



**HINDU AMERICAN FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. The expenses that are allocated include salaries and wages, payroll taxes, health insurance and benefits, consultants and outside services, event catering, event rentals, graphic design, materials and supplies, meals, postage and shipping, printing and copying, subscriptions and registrations, and travel, which are allocated on the basis of estimates of time and effort.

**Income Tax Status**

Hindu American Foundation, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncement**

HAF adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as of and for the six months ended June 30, 2019. This update provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The update also assists entities in determining whether a contribution is conditional. The changes in the update have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

**Date of Management's Review**

Management has evaluated subsequent events through December 18, 2019, the date which the financial statements were available to be issued.

**HINDU AMERICAN FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

Receivable in less than one year	\$ 134,273
Receivable in one to five years	<u>400,000</u>
Unconditional promises to give	534,273
Less discounts to net present value	<u>(39,117)</u>
Unconditional promises to give, net	<u><u>\$ 495,156</u></u>

Unconditional promises to give receivable in more than one year are discounted at 3%.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

Certificates of deposit	\$ 151,518
Mutual funds	193,004
Exchange traded funds	<u>1,473,845</u>
	<u><u>\$ 1,818,367</u></u>

NOTE 4—NET ASSETS

HAF's board of directors has designated \$1,200,000 of net assets without donor restrictions for liquidity reserve purposes as of June 30, 2019.

Net assets with donor restrictions are restricted for the following purposes or periods:

For subsequent years' activities	\$ 466,883
Hindu Refugee Fund	<u>5,000</u>
Net assets with donor restrictions	<u><u>\$ 471,883</u></u>

**HINDU AMERICAN FOUNDATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE 5—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	Assets at Fair Value as of June 30, 2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 151,518	\$ -	\$ 151,518	\$ -
Mutual funds	193,004	193,004	-	-
Exchange traded funds	1,473,845	1,473,845	-	-
Beneficial interest in assets held by Hindu Heritage Endowment	58,619	-	-	58,619
<b>Total</b>	<b>\$ 1,876,986</b>	<b>\$ 1,666,849</b>	<b>\$ 151,518</b>	<b>\$ 58,619</b>

Fair values of mutual funds and exchange traded funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for certificates of deposit have been provided by HAF's investment managers and custodian banks who use a variety of pricing sources and technologies to determine market valuations, including indexes for each sector of the market. HAF's beneficial interest in assets held by Hindu Heritage Endowment represents an agreement between HAF and the Endowment in which HAF transfers assets to the Endowment in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available.

The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to HAF by the Endowment. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

The table below presents a reconciliation from the beginning balance to the ending balance of the beneficial interest in assets held by Hindu Heritage Endowment measured at fair value on a recurring basis using significant unobservable inputs for the six months ended June 30, 2019:

Beginning balance	\$ 54,645
Change in value of beneficial interest	4,149
Distributions	(175)
<b>Ending balance</b>	<b>\$ 58,619</b>

**HINDU AMERICAN FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE 6—LEASING ARRANGEMENT**

HAF is obligated under an operating lease for its office in Washington, DC. The lease commenced August 1, 2014 and continues through April 30, 2025. HAF received an abatement for the first four months of the lease, creating a deferred rent liability. For financial statement reporting purposes, rent expense will be recognized evenly across the term of the lease, taking the total lease payments divided by the total months of the lease. Rent expense includes a base rent plus a proportionate share of building expenses and real estate taxes. Rent expense under the lease was \$30,303 for the six months ended June 30, 2019.

Future minimum lease payments under the lease for the years ending June 30 are as follows:

2020	\$	59,102
2021		61,077
2022		63,519
2023		66,059
2024		68,705
Thereafter		<u>58,682</u>
	<u>\$</u>	<u>377,144</u>

**NOTE 7—LIQUIDITY AND AVAILABILITY**

The following table reflects HAF's financial assets as of the date of the statement of financial position reduced by amounts not available for general expenditures within one year of the date of the statement financial position because of donor-imposed restrictions or internal board designations.

Financial assets at end of year		
Cash	\$	376,693
Unconditional promises to give		495,156
Investments		1,818,367
Beneficial interest in assets held by Hindu Heritage Endowment		<u>58,619</u>
 Total financial assets at end of year		 2,748,835
 Less amounts unavailable for general expenditures within one year		
Beneficial interest in assets held by Hindu Heritage Endowment		(58,619)
Restricted by donors with time or purpose restrictions		(471,883)
Investments held for long-term purposes		<u>(1,200,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$</u>	 <u>1,018,333</u>

As part of HAF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available for general expenditures include \$1,200,000 set aside by the board of directors for liquidity reserve purposes. However, the board-designated amounts could be made available if necessary.