

UNITED SIKHS
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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Independent Auditor's Report

To the Board of Directors
of United Sikhs
New York, NY

We have audited the accompanying statements of financial position of United Sikhs (a non-profit organization) as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 United Sikhs as of December 31, 2011 and 2010, and the results of its activities, changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Murray & Josephson CPAs LLC

New York, NY

October 3, 2012

**UNITED SIKHS
STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash - unrestricted	\$ 403,936	\$ 518,868
Equipment and Leasehold Improvements	1,566	871
Less: Accumulated Depreciation	<u>499</u>	<u>220</u>
	1,067	651
OTHER ASSETS:		
Security Deposits	<u>6,600</u>	<u>6000</u>
Total Assets	<u><u>\$ 411,603</u></u>	<u><u>\$ 525,519</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Payables and Accrued Expenses	\$ 29,698	\$ 14,737
NET ASSETS		
Unrestricted Net Assets	<u>381,905</u>	<u>510,782</u>
Total Liabilities and Net Assets	<u><u>\$ 411,603</u></u>	<u><u>\$ 525,519</u></u>

**UNITED SIKHS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	<u>For the Years Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Support and Revenue:		
Contributions	\$ 367,066	\$ 816,018
Interest Income	310	394
	<u>367,376</u>	<u>816,412</u>
Total Support and Revenue	<u>367,376</u>	<u>816,412</u>
Expenses:		
Program Services	428,859	406,965
Fund Raising	3,492	19,997
Supporting Services	63,902	62,673
	<u>496,253</u>	<u>489,635</u>
Total Expenses	<u>496,253</u>	<u>489,635</u>
Changes in Net Assets	(128,877)	326,777
Net Assets, Beginning of Year	<u>510,782</u>	<u>184,005</u>
Net Assets, End of Year	<u><u>\$ 381,905</u></u>	<u><u>\$ 510,782</u></u>

See accompanying notes and independent auditor's report

**UNITED SIKHS
STATEMENTS OF CASH FLOWS**

	<u>For the Years Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (128,877)	\$ 326,777
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	279	174
Changes in:		
Security Deposits	(600)	
Accrued Expenses	14,961	6,761
	<u>14,961</u>	<u>6,761</u>
Net cash used by Operating Activities	(114,237)	333,712
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(695)	-
	<u>(695)</u>	<u>-</u>
Net cash used for Investing Activities	(695)	-
Change in Cash	(114,932)	333,712
Cash, Beginning of the Year	518,868	185,156
	<u>518,868</u>	<u>185,156</u>
Cash, End of Year	\$ 403,936	\$ 518,868
	<u>\$ 403,936</u>	<u>\$ 518,868</u>

See accompanying notes and independent auditor's report

**UNITED SIKHS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 161,904	\$ -	\$ 161,904
Payroll Taxes	17,726	-	17,726
Total Salaries and Related Expenses	179,630	-	179,630
Advertising	759	959	1,718
Outside Services	683	-	683
Camp Costs	15,676	-	15,676
Rent	57,135	13,154	70,289
Meetings and Events	899	-	899
Professional Fees	41,409	26,281	67,690
Insurance	5,261	-	5,261
Continuing Education	5,030	-	5,030
Depreciation	-	279	279
Bank Charges and Related Fees	55	4,344	4,399
Telephone	3,128	2,433	5,561
Books and Periodicals	-	971	971
Supplies	11,809	461	12,270
Promotions	1,667	4,920	6,587
Postage and Delivery	534	468	1,002
Volunteer Expenses	1,120	-	1,120
Relief Supplies and Expense	65,571	-	65,571
Office Expense	5,068	5,578	10,646
Travel and Entertainment	12,046	2,516	14,562
Computer and Internet Expenses	5,544	-	5,544
Utilities	1,826	1,238	3,064
Printing and Reproduction	6,645	-	6,645
Dues and Subscriptions	-	300	300
Reimbursed expenses	7,364	-	7,364
	<u>249,229</u>	<u>63,902</u>	<u>313,131</u>
Total Expenses	\$ 428,859	\$ 63,902	\$ 492,761

**UNITED SIKHS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 102,286	\$ 20,577	\$ 122,863
Payroll Taxes	13,692	1,551	15,243
Total Salaries and Related Expenses	115,978	22,128	138,106
Advertising	12,940	959	13,899
Outside Services	-	1,232	1,232
Camp Costs	23,242	-	23,242
Rent	41,688	-	41,688
Meetings and Events	13,544	3,000	16,544
Professional Fees	50,159	8,170	58,329
Insurance	-	9,785	9,785
Continuing Education	19,302	-	19,302
Depreciation	-	174	174
Bank Charges and Related Fees	4,402	3,214	7,616
Telephone	1,845	1,411	3,256
Books and Periodicals	-	417	417
Supplies	12,546	1,472	14,018
Promotions	2,588	-	2,588
Postage and Delivery	374	122	496
Volunteer Expenses	4,831	-	4,831
Relief Supplies and Expense	72,149	-	72,149
Office Expense	625	1,547	2,172
Travel and Entertainment	18,169	5,211	23,380
Computer and Internet Expenses	1,606	-	1,606
Utilities	4,372	1,355	5,727
Printing and Reproduction	2,700	-	2,700
Dues and Subscriptions	-	2,476	2,476
Reimbursed expenses	3,905	-	3,905
	<u>290,987</u>	<u>40,545</u>	<u>331,532</u>
Total Expenses	\$ 406,965	\$ 62,673	\$ 469,638

NOTE A - THE ORGANIZATION

The United Sikhs was organized in 1999 as an international non-profit, non-governmental, humanitarian relief, human development and advocacy organization, aimed at empowering those in need, especially disadvantaged and minority communities across the world. In 2010 the organization collected more than \$200,000 for humanitarian relief and medical assistance for victims of natural disaster in Haiti.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of Presentation:

The Organization follows the requirements of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 117, Financial Statements of Not-For-Profit Organizations. Under FASB Statement No. 117, the Organization is required to report 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.

[2] Basis of Accounting:

The accounts of the Organization are maintained on the accrual basis in accordance with the principles of fund accounting. Separate accounts are maintained for each fund.

[3] Cash and cash equivalents:

The Organization considers all highly liquid investments with an initial maturity of three months or less when purchased and not held within the investment portfolio for investing purposes as cash and cash equivalents. Cash and cash equivalents in the investment portfolio are not included in cash and cash equivalents as they are held for investment purposes.

[4] Fair Value:

The Organization adopted SFAS 157, Fair Value Measurements (ASC Topic 820-10) for its financial assets and liabilities on January 1, 2010 for its nonfinancial assets and liabilities. The adoption of this standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are as follows:

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

[4] Fair Value - continued:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include investments, whose value is determined using the pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

[5] Property and Equipment:

Property and equipment is comprised of furniture, equipment, software, and leasehold improvements and is stated at cost or, if donated, at approximate fair value on the date of donation.

Depreciation is computed by the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Equipment	5
Furniture	7
Software	3
Leasehold Improvements	Lease Term

[6] Revenue Recognition:

Cash and gift-in-kind contributions are received from individuals as well as domestic corporations and foundations. These contributions, including unconditional promises, are recognized as revenues when the donor's unconditional commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted. When a restriction is fulfilled in the time period in which the contribution is received, the Organization reports the support as unrestricted.

Permanently restricted support are amounts received that are stipulated by the donor to be maintained permanently. The Organization has not received any permanently restricted support.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

[7] Use of Estimates:

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

[8] Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, it has been determined by the Internal Revenue Service that the Organization is not a private foundation within the meaning of Section 509A of the Internal Revenue Code. The Organization is included with the list of the exempt organization provided by the United States Treasury in IRS Publication 78.

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2011, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

NOTE C – CONCENTRATIONS OF CREDIT RISK

The Organization places its cash with one financial institution, which amounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

NOTE D – COMMITMENTS AND CONTINGENCIES

[1] Lease:

The Organization is leasing space in New York City, under an operating lease which expires in 2015, and provides for future minimum lease payments as follows:

2012	52,668
2013	48,846
2014	50,800
2015	12,822
	<u>165,136</u>

[2] Litigation:

The Organization may be named in a lawsuit in the ordinary course of business. As of December 31, 2011, there are no lawsuits pending.

NOTE E – SUBSEQUENT EVENTS

For the year ended December 31, 2011, the Organization has evaluated subsequent events for potential recognition and disclosure through October 3, 2012, the date the financial statements were available to be issued.