

**UNITED SIKHS**  
**FINANCIAL STATEMENTS**  
**AND**  
**AUDITORS' REPORT**  
**DECEMBER 31, 2013**

# UNITED SIKHS

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
United Sikhs

We have audited the accompanying financial statements of United Sikhs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, cash flows, and functional expenses for the year 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 of 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 United Sikhs as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New York, NY  
March 4, 2015

*Skody Scot & Company, CPAs, P.C.*

**UNITED SIKHS  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013**

**ASSETS**

Cash	\$ 748,271
Property and equipment, net	441
Security deposits	6,600
	<hr/>
Total assets	\$ 755,312
	<hr/>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable and accrued expenses	\$ 123,044
Refundable advances	119,735
	<hr/>
Total liabilities	242,779
	<hr/>
Commitments and contingencies (see notes)	
Net Assets:	
Unrestricted	500,384
Temporarily restricted	12,149
Permanently restricted	-
	<hr/>
Total net assets	512,533
	<hr/>
Total liabilities and net assets	\$ 755,312
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**See accompanying notes to financial statements.**

**UNITED SIKHS  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013**

**Support and Revenues:**

Unrestricted:	
Contributions and grants	\$ 611,127
Interest income	209
Other income	26,504
Temporarily restricted:	
Contributions	12,149
Total support and revenues	<u>649,989</u>

**Expenses:**

Program Expenses:	
Civil & Human Rights Advocacy	92,627
Community Service	414,336
Empowerment & Education	86,088
Sikh Aid	127,406
Total program expenses	<u>720,457</u>
Management and general	43,682
Fundraising	8,730
Total expenses	<u>772,869</u>

**Increase/(Decrease) In Net Assets:**

Unrestricted	(135,029)
Temporarily restricted	12,149
Permanently restricted	-
Increase/(decrease) in net assets	<u>(122,880)</u>

Net assets, beginning of year	<u>635,413</u>
Net assets, end of year	<u>\$ 512,533</u>

**See accompanying notes to financial statements.**

**UNITED SIKHS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2013**

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ (122,880)
Adjustments for non-cash items included in operating activities:	
Depreciation	313
Changes in assets and liabilities:	
Accounts payable and accrued expenses	107,037
Refundable advances	119,735
Security deposits	500
Net cash provided/(used) by operating activities	<u>104,705</u>
 Cash flows from investing activities	 <u>-</u>
 Cash flows from financing activities	 <u>-</u>
 Net increase/(decrease) in cash	 104,705
Cash, at beginning of year	<u>643,566</u>
Cash, at end of year	<u><u>\$ 748,271</u></u>

**See accompanying notes to financial statements.**

**UNITED SIKHS  
SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013**

	<b>Program Expenses</b>				<b>Supporting Services</b>			
	Civil & Human Rights Advocacy	Community Service	Empowerment & Education	Sikh Aid	Total Program	Management and General	Fundraising	Total Expenses
Personnel costs:								
Salaries	\$ -	\$185,396	\$ -	\$ -	\$ 185,396	\$ 7,017	\$ 7,017	\$ 199,430
Payroll taxes	-	16,578	-	-	16,578	660	660	17,898
Employee benefits	-	5,778	-	-	5,778	1,053	1,053	7,884
Outside contractors	4,316	119,164	10,705	12,982	147,167	-	-	147,167
Total personnel costs	4,316	326,916	10,705	12,982	354,919	8,730	8,730	372,379
Direct expenses:								
Advertising and promotion	584	6,959	-	50	7,593	9	-	7,602
Camp expenses	-	-	27,981	-	27,981	-	-	27,981
Depreciation	-	-	-	-	-	313	-	313
Insurance	-	-	1,670	-	1,670	5,888	-	7,558
Interest	-	483	-	-	483	1,468	-	1,951
Office expenses	1,502	5,343	393	8,261	15,499	6,892	-	22,391
Postage and delivery	2,756	1,439	73	1,508	5,776	650	-	6,426
Printing	415	3,386	336	114	4,251	-	-	4,251
Professional fees	20,365	17,589	1,896	12,226	52,076	9,000	-	61,076
Recruitment & staff development	-	-	17,950	-	17,950	-	-	17,950
Rent and utilities	43,395	24,817	21,047	2,557	91,816	9,325	-	101,141
Supplies and equipment	7,564	6,173	1,807	82,884	98,428	-	-	98,428
Telephone and communications	2,870	10,444	854	332	14,500	1,009	-	15,509
Travel, conferences & meetings	8,860	10,787	1,376	6,492	27,515	398	-	27,913
Total direct expenses	88,311	87,420	75,383	114,424	365,538	34,952	-	400,490
Total expenses	\$ 92,627	\$414,336	\$ 86,088	\$ 127,406	\$ 720,457	\$ 43,682	\$ 8,730	\$ 772,869

See accompanying notes to financial statements.

**UNITED SIKHS  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

United Sikhs in Service of America, a not-for-profit organization, was incorporated in the State of New York on February 16, 1999. The name was changed to United Sikhs (Organization) in January 2007. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions and grants from foundations, corporations, individuals and governmental entities.

The Organization's mission is to transform underprivileged and minority communities and individuals into informed and vibrant members of society through civic, educational and personal development programs, by fostering active participation in social and economic activity. The Organization provides the following four programs: Civil & Human Rights Advocacy -advancing economic, social and spiritual empowerment of minorities and other marginalized groups and individuals in need, regardless of race, religion, gender, sexual orientation, social status, age or ability, by enforcing civil and human rights throughout the world; Community Service - providing communities with a number of projects involving, among other things, drug awareness and rehabilitation, and fitness and healthy living; Empowerment & Education - empowering individuals and groups to help them attain their full potential and become active participants in society through education, training and community development projects; and Sikh Aid - providing non-partisan global humanitarian disaster relief services, which not only provide immediate aid but also rehabilitation help to the needy.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with GAAP 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. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing the 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.



**UNITED SIKHS**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less. At December 31, 2013, the Organization did not have any resources that were considered cash equivalents.

Advertising Costs

The Organization uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2013, advertising costs totaled \$5,092.

Revenue Recognition

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization received several grants. In accordance with the grant provisions, the Organization either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of period-end are recorded as grant receivables and all advanced funds not expended are recorded as refundable advances.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates outside contractor fees based on estimated time and other expenses are allocated based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**UNITED SIKHS  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of equipment is computed by the straight-line method over estimated useful lives ranging from three to five years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Note 2 - Donated Services and Facilities

Volunteer time which did not meet the criteria for being recognized as contributions in accordance with GAAP was donated to the Organization. Due to the lack of objective criteria, management did not estimate the total value of these services for the year ended December 31, 2013.

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2013:

Equipment	\$ 1,566
Less: Accumulated depreciation	<u>( 1,125)</u>
	<u>\$ 441</u>

Note 4 - Restrictions on Net Assets

Temporarily restricted net assets are available in future years for the following purposes:

Disaster assistance	\$ 12,149
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Note 5 - Government Grants

During the year ended December 31, 2013, the Organization was the recipient of a pass-through grant from Asian & Pacific Islander American Health Forum. The grant provided \$250,000 of US Department of Health and Human Services funds for the purpose of addressing a lack of healthy nutrition and physical activity. The entire grant amount was advanced to the Organization during the year ended December 31, 2013. Total expenditures under the grant during the year ended December 31, 2013 amounted to \$216,847. The unused portion of the grant funds is included in refundable advances in the statement of financial position.

**UNITED SIKHS**  
**NOTES TO FINANCIAL STATEMENTS**

Note 6 - Commitments and Contingencies

The Organization maintains its checking accounts with financial institutions. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. Balances that exceed the Federal Deposit Insurance Corporation are summarized for the year ended December 31, 2013 as follows:

Institution balances	\$ 759,939
Less: Amounts covered	<u>(250,000)</u>
Uninsured amounts	<u>\$ 509,939</u>

The Organization leases space under a noncancellable operating lease. As of December 31, 2013, minimum aggregate annual rentals are as follows:

Year ended December 31, 2014	\$ 50,800
2015	12,822

Total rent and utilities expenses charged to operations for the year ended December 31, 2013, was \$93,245.

Note 7 - Fundraising Expenses

The Organization conducted activities that included direct solicitations for sponsorships (fundraising). The costs of personnel conducting those sponsorship activities included fundraising, administrative and program expenses (collectively defined as joint costs). The total joint (allocated) costs for the year ended December 31, 2013 is as follows:

Program expenses	\$ 143,956
Management and general	8,730
Fundraising	<u>8,730</u>
Total joint costs	<u>\$ 161,416</u>

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through March 4, 2015, which is the date the financial statements were available to be issued.