

DESAI FOUNDATION
FINANCIAL STATEMENTS
AT JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
DESAI FOUNDATION

Report on the Financial Statements

We have audited the accompanying financial statements of the Desai Foundation (a non-profit organization), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows 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 audits. 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 principles 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 Desai Foundation as of June 30, 2023, 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.

Cohen + Associates, LLC

Certified Public Accountants

July 26, 2023

DESAI FOUNDATION
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2023

ASSETS

	<u>2023</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 259,240
Other receivables	28,088
Prepaid expenses	5,000
Investments at fair market value	<u>4,578,414</u>
	<u>4,870,742</u>
OTHER ASSETS:	
Deposits	<u>10,500</u>
	<u><u>4,881,242</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	100,642
Accrued expenses	<u>4,648</u>
	<u>105,290</u>
NET ASSETS:	
Without donor restrictions	<u>4,775,952</u>
	<u>4,775,952</u>
	<u><u>4,881,242</u></u>

See accompanying notes to financial statements.

DESAI FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023

	<u>2023</u>
SUPPORT AND REVENUE:	
Contributions	\$ 455,787
Special events revenue	194,932
Less: costs of direct donor benefits	<u>(25,172)</u>
	<u>169,760</u>
CONTRIBUTIONS AND NET REVENUE FROM SPECIAL EVENTS	<u>625,547</u>
Interest and dividends	106,799
Investments net realized gain (loss)	156,293
Investments unrealized appreciation (depreciation)	(13,806)
Investment management expenses	<u>(35,958)</u>
	<u>213,328</u>
TOTAL SUPPORT AND REVENUE	<u>838,875</u>
EXPENSES:	
Program	800,057
Management and general	267,905
Fundraising	<u>229,757</u>
TOTAL EXPENSES	<u>1,297,719</u>
CHANGE IN NET ASSETS	(458,844)
NET ASSETS - BEGINNING OF YEAR	<u>5,234,796</u>
NET ASSETS - END OF YEAR	<u><u>4,775,952</u></u>

See accompanying notes to financial statements.

DESAI FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2023 Total</u>
Grants	\$ 43,545	\$ -	\$ -	\$ 43,545
Covid-19 emergency response	-	-	-	-
Compensation	37,134	48,826	60,697	146,657
Payroll taxes and fringe benefits	4,202	8,146	6,868	19,216
Program support	663,168	-	-	663,168
Professional services	-	34,538	61,090	95,628
Temporary services	50,009	46,059	9,288	105,356
Advertising	984	-	116	1,100
Bank and service charges	-	-	3,032	3,032
Bookkeeping	-	-	-	-
Dues and subscriptions	82	6,575	-	6,657
Management fee	-	60,000	-	60,000
Licenses, permits and fees	-	-	5,495	5,495
Office expense	-	2,423	-	2,423
Internet and telecommunications	-	3,071	-	3,071
Photographer	-	-	11,400	11,400
Postage and shipping	-	471	-	471
Printing and copying	140	80	4,032	4,252
Recruiting	-	7,147	-	7,147
Rent	-	28,088	61,857	89,945
Staff development	-	-	-	-
Software	508	14,191	-	14,699
Supplies	285	2,914	714	3,913
Travel and meetings	-	3,276	5,168	8,444
Utilities	-	-	-	-
Website	-	2,100	-	2,100
	<u>800,057</u>	<u>267,905</u>	<u>229,757</u>	<u>1,297,719</u>

See accompanying notes to financial statements.

DESAI FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023

	<u>2023</u>
OPERATING ACTIVITIES:	
Change in net assets	\$ (458,844)
Adjustments to reconcile net income to net cash from operating activities:	
Net (gain) loss on investments	(156,293)
Unrealized (appreciation) depreciation on investments	13,806
Marketable securities contributions	(147,961)
PPP loan forgiveness	
Increase (decrease) in cash resulting from changes in operating assets and liabilities:	
Other receivables	107,016
Prepaid expenses	5,000
Deposits	(1,279)
Accounts payable and accrued expenses	<u>32,028</u>
NET CASH FROM (FOR) OPERATING ACTIVITIES	<u>(606,527)</u>
INVESTING ACTIVITIES:	
Purchases of securities	(15,555,380)
Sales of securities	<u>14,701,702</u>
NET CASH FROM (FOR) INVESTING ACTIVITIES	<u>(853,678)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,460,205)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,719,445</u>
CASH AND CASH EQUIVALENTS - AT END OF YEAR	<u><u>259,240</u></u>

See accompanying notes to financial statements.

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Purpose of the Organization -The Desai Foundation has multiple goals; it seeks to improve social and economic life in the villages of India and to develop and implement educational programs to promote Indian culture and heritage in the United States.

The Organization, founded on December 6, 1997, is a non-profit trust which is tax exempt under Section 501(c)(3) of the Internal Revenue Code and has been designated an organization which is not a private foundation.

Basis of Accounting -The accompanying financial statements have been on the accrual basis of accounting in accordance with the reporting principles of nonprofit accounting which present transactions according to the existence of donor imposed restrictions, if any.

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be permanently maintained by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenue is reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restrictions or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as a release from temporarily restricted net assets to unrestricted net assets in the statement of activities. In the event that a donor-imposed restriction is fulfilled in the same reporting period as investment gains and income are recognized, the investment activity is reported as unrestricted in nature.

Income and net gains on investments of endowment and similar funds are reported as follows:

Increases in permanently restricted net assets if the terms of the gift or the Organization's interpretation of relevant state law require they be added to the principal of a permanently restricted net asset.

Increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income.

Increases in unrestricted net assets in all other cases.

Spending Policy - The Foundation's spending policy attempts to provide a predictable stream of funding to programs supported by its investments while seeking to maintain the purchasing power of its investments over the long-term. The spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return through diversification of asset classes.

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield (interest and dividends). The Foundation uses a diversified asset allocation to achieve its long-term objectives within prudent risk parameters.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At various times during the fiscal year, the Organization's cash in bank balances exceeded Federally insured limits.

Fair Value Measurements - Fair value measurements establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observing market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Investments - Investment securities, comprised generally of publicly traded stocks, 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 possible that changes in the value of investment securities could occur in the near term, and that such changes could materially affect investment balances and activity included in the financial statements. Realized gains and losses are determined using the specific identification method. Purchases and sales of securities are accounted for using the trade date.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Organization is a nonprofit entity which is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. At June 30, 2023, the Organization had no material unrecognized tax benefits or liabilities for income taxes. The Organization's tax returns for the years ended June 30, 2020 through 2023 are subject to examination by the Internal Revenue Service and state taxing authorities.

Reclassifications - Certain 2022 amounts have been reclassified to conform with 2023's presentation.

2. INVESTMENTS:

Investments are as follows:

	2023	
	Cost	Market
Stocks	\$ 1,543,480	\$ 1,779,667
Exchange-traded and closed-end funds	886,454	1,156,949
Corporate fixed income		
Government securities	1,221,026	1,229,421
Mutual funds	414,813	412,377
	<u>4,065,773</u>	<u>4,578,414</u>

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

3. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each classification within the financial statements.

Cash, prepaid expenses, accounts payable and loan payable - Fair value approximates carrying value due to the short term maturity of these financial instruments.

Investments - The fair value of debt and equity investments are estimated based upon quoted market prices.

	2023			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Stocks	\$ 1,779,667			\$ 1,779,667
Exchange-traded and closed-end funds	1,156,949			1,156,949
Government securities	1,229,421			1,229,421
Mutual funds	412,377			412,377
	<u>4,578,414</u>	<u>-</u>	<u>-</u>	<u>4,578,414</u>

4. LONG-TERM DEBT:

On May 20, 2020, the Foundation received loan proceeds in the amount of \$53,400 under the Paycheck Protection Program ('PPP'). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ('CARES ACT'), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Foundation intends to use the proceeds consistent with the PPP. The Foundation believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

The loan and related interest were forgiven in 2022.

5. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

6. COMMITMENTS:

LEASES

The Foundation leases its Massachusetts office facilities as a tenant-at-will.

Rent expense was \$28,088 in 2023.

7. SUBSEQUENT EVENTS:

Subsequent events - Management has evaluated subsequent events through July 26, 2023, the date on which the financial statements were available to be issued.